

Intellectual AMMUNITION

On State and Local Issues

Potshots

Introducing **PolicyFax**

a revolutionary
way to receive
public policy research
and commentary
see page 15

■ Christmas is when kids tell Santa what they want and adults pay for it. Deficits are when adults tell the government what they want, and the kids pay for it.

RICHARD LAMM

■ Congress is continually appointing fact-find committees, when what we really need are some fact-facing committees.

ROGER ALLEN

■ The opposition has all the orators: the businessman is too busy embalming his beef, fixing his scales, and dodging his taxes to have any time or talent left for the forensic arts.

H.L. MENCKEN

■ Accomplishing the impossible means only that the boss will add it to your regular duties.

DOUG LARSON

HEALTH CARE REFORM

Where It's Headed

On September 22, President Clinton delivered a moving speech on the need for health care reform. Saying "the health care system is badly broken, and it is time to fix it," he put forward the main components of his health care plan: ♦ a mandate requiring all employers to pay 80 percent of their employees' health benefit costs ♦ guaranteed benefits "comparable to those offered by Fortune 500 companies" ♦ government-chartered insurance purchasing cartels called Health Alliances ♦ regulations requiring insurers to use community rating and guarantee coverage ♦ price controls "if competition doesn't work" to control spending ♦ 100 percent deductibility of insurance premiums paid by the self-employed ♦ government-initiated and subsidized "report cards" and quality assessments ♦ and a higher tax on tobacco products and new tax on self-insured big businesses.

The President made it plain that everything in his plan is negotiable, and in fact the plan he delivered to Congress on October 27 showed considerable hedging on earlier promises.

The issue facing the nation is not whether health care reform is needed: every credible expert

agrees that it is. But is the Clinton plan the right way to go?

■ The benefits package cannot be as generous as the President described without (a) bankrupting the nation and (b) causing a revolt among senior citizens, whose coverage would be considerably less comprehensive. But it cannot be much less than the Fortune 500 package without offending organized labor, still a leading Democratic constituency. This could be a paralyzing dilemma for an already weak presidency and a Congress fixated on the 1994 elections.

■ If the Administration presses for price controls, doctors and hospitals will want to know how such controls can be imposed without punishing one sector (public or private) or one part of the industry (pharmacy, physicians, therapy, research, etc.) for the profligacy of

(Continued on Page 3)

In This Issue

■ Life & Liberty	4	■ Privatization	14
■ Organizations	6	■ PolicyFax	15
■ Education	7	■ Taxes	19
■ Environment	8	■ Welfare	20
■ Families	10	■ New Research	21
■ Health Care	12	■ Contacts	30

Tools For Political Survival

Intellectual AMMUNITION

On State and Local Issues

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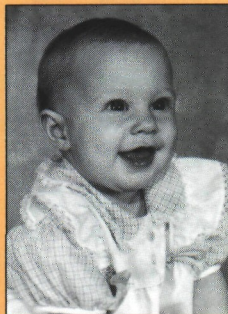


**THE
HEARTLAND
INSTITUTE**

NEWS FROM THE

Heartland

BY JOSEPH BAST, PUBLISHER



Joe's niece, Jennifer Lyn Jones

With this issue of *Intellectual Ammunition*, The Heartland Institute is pleased to announce the creation of a revolutionary new information service: **PolicyFax**. A detailed description of the service and how you can use it appears on pages 15-18.

PolicyFax enables you to call from any touch-tone telephone and request that specific research documents and commentaries be sent to your fax machine. The system is automated, so you interact with a computer-based voice system that is available 24 hours a day, 7 days a week.

With *PolicyFax*, you need only a telephone and a fax machine to receive the latest research and commentary on hot issues such as health care, environmental protection, taxes, and privatization. For example, *PolicyFax* gives you immediate access to over 1,000 reviews and abstracts that have appeared in past issues of *Intellectual Ammunition*, plus executive summaries and abstracts from 60 *Heartland Policy Studies*, over 100 *Heartland Perspectives*, and four books.

Each issue of *Intellectual Ammunition* will contain updated lists of documents available through the service, or you can have a directory sent to your fax machine by calling the *PolicyFax* number and following the simple instructions.

Nearly 200 research documents already are available through *PolicyFax*. During the coming months, we will begin posting to the service publications produced by other think tanks, research organizations, publishers, and trade associations, creating a veritable **public policy shopping mall!**

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A special four-page report on *PolicyFax* begins on page 15 of this issue of *Intellectual Ammunition*. I hope you'll take a look, and then give it a try. This just could be the solution to your information needs!

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HEALTH CARE REFORM

Where It's Headed

(continued from page 1)

the others. On its face, this may be impossible to do.

■ If price controls are abandoned, the inevitability of a tax increase will surface. How much will the new program cost in the first, fifth, and tenth years? Where will the money come from? New taxes on tobacco won't begin to finance the plan, even with rosy assumptions about the tax's effects on tobacco use.

TAXING CHOICE

A major tax increase won't be the only unpleasant surprise if the plan somehow passes in its current form. The President awkwardly hid behind the rhetoric of preserving "choice among insurance plans" rather than promising what most Americans really want: a choice of doctors and an opportunity to develop long-term personal relationships with them. How onerous will the penalties be on people who choose plans that preserve their choice of a doctor and access to specialists? How will voters react when told that their "freedom to choose" now carries a steep price?

WILL IT WORK?

Beyond the *politics* of persuading Congress to pass the Clinton plan, workability problems still remain to be confronted. For example, why won't the Health Alliances become hugely expensive bureaucracies that limit competition and choice in order to protect their own turf, in the same way that other government-protected monopolies have acquired vast powers and done vast harm to the economy?

Why won't the mandate on employers result in the death or still-birth of millions of jobs as small businesses sink under the burden of one more payroll expense? Where does the Administration believe the money is coming from to pay the new benefits? From "excess profits" at the end of each month?

How can the Administration promise insurance coverage to millions of people **and** broader insurance coverage to scores of millions more, **and still promise to control or cap spending**? There is only one possible answer: Rationing. The Administration and its allies obviously want to bury the word so deep that it cannot be heard, at least until 1996, but it won't stay underground that long.

WHAT WILL HAPPEN?

So what happens if (1) labor clashes with the senior citizen lob-

What happens if the Clinton Plan gets stained with the indelible "rationing" label?

by, making agreement on the benefits package impossible, (2) special interest groups kill the price control proposals, (3) Congress nervously avoids a plan with an unrealistically low budget estimate attached to it, (4) Health Alliances and mandates crumble under careful scrutiny, and (5) the Clinton plan gets stained with the indelible "rationing" label?

One scenario is that the two most onerous parts of the Clinton plan — employer mandates and Health Alliances — could be jettisoned to "save" the rest of the plan. Two other parts of the plan — increased regulation of insurance companies and 100 percent deductibility of insurance premiums for the self-employed — could pass in some modified form. The deductibility provision could be expanded to include all individuals who buy their own insurance, thereby breaking the link between employment and insurance **and** bringing the after-tax cost of health insurance within reach for millions of currently uninsured people.

The President's goal of provid-

ing coverage for people with pre-existing conditions could be met by encouraging more states to create high-risk pools. Less desirable, but probably more attractive to the President and his party, would be to create a new national high-risk pool. Removing people with pre-existing conditions from the private insurance market is not an altogether bad thing: If we sympathize with their plight and want to subsidize them, it makes sense to do it outside the competitive insurance marketplace. Limiting the growth of high-risk pools, especially a national one, would be problematic, though.

MEDICAL SAVINGS ACCOUNTS

To win Republican votes for the modified plan and to achieve further cost control, the President could add Medical Savings Accounts (MSAs). Under the MSA proposal, tax deductions or credits would be given for deposits into savings accounts to be used exclusively for medical expenses. The MSA plan would encourage self-insurance for smaller expenses and consequently encourage the purchase of higher deductible insurance policies. Both result in lower spending on health care and greater price sensitivity by consumers.

MSAs have the added virtue of being a bonus for the middle class, which has been hit hard by slow economic growth and will be hit again by taxes on tobacco.

No one really knows how the health care reform debate will end. The only certainty is that the nation is entering a period of protracted debate and compromise.

###

Joseph L. Bast is president of The Heartland Institute and coauthor of *Why We Spend Too Much on Health Care* (1993).

We Need to Change Woody's Ways

By Thomas F. Roeser

Life & Liberty: A forum for the Directors and Governors of The Heartland Institute to share their personal philosophies and life experiences.

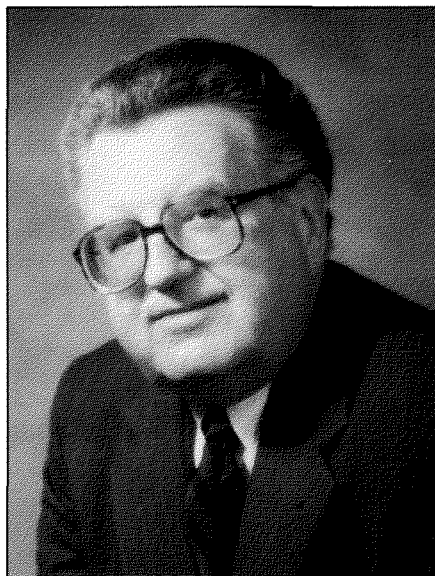
Young Thomas Woodrow Wilson of Staunton, Virginia took a course in philosophy at Princeton. He tarried over Immanuel Kant. And he was changed.

Kant was a German philosopher who sought to have it both ways — agnosticism and belief in God. His belief in God was murky but, when distilled, centered on what he called the “categorical imperative.” We are, Kant said, struggling perpetually between duty and desire. Duty, he said, is paramount. And so this screwed-up little German professor imbued our first formally trained intellectual president with an agonized sense of duty.

We are duty-bound to punish the Kaiser, thought Wilson, in order to make this world safe for democracy. After winning re-election on the slogan "He Kept Us Out of War," Wilson sought to get us *into* war to fulfill his own sense of duty.

An Austrian arch-duke was shot and killed. Austria-Hungary suspected that its small neighbor, Serbia, had approved the plot to kill him. So Austria-Hungary declared war on Serbia on July 28, 1914. By October 30, the central powers — Austria-Hungary, Germany, and the Ottoman Empire — were at war with the allies — Belgium, France, Great Britain, Russia, and Serbia.

Anybody could see it was our war, right? *Wrong!* But we entered that scrap with 4.8 million men, to help Wilson realize his vision of democracy for all. We suffered 320,518 casualties: 116,516 dead, 204,002 injured, 4,500 missing.



*The U.S. does not have a
"moral duty" to make the
world safe for democracy.*

To certify his win, Wilson signed the Versailles peace treaty, which imposed harsh terms on Germany. The harsh terms brought to power Adolf Hitler. From the ashes of one categorical imperative rose a zealot to tyrannize the world. We then faced a repeat of the categorical imperative to fight the monster created by our own naïveté. We really had no choice but to fight, since Germany was on the way to getting the bomb. But we have never recognized that the war was foreordained by one parson's son who saw things as Kant did: *We had a duty to convert 'em to democracy, and to kill 'em on the way if need be.* The U.S. suffered 1.2 million casualties in that one: 405,399 dead, 670,946 wounded, 139,709 missing.

Since then we have embarked on a good many categorical imperatives. Modern presidents have sent troops to Korea, Vietnam, the Persian Gulf, Somalia, and a couple of

boats anchored off Haiti. Our current president is no exception. Though he didn't see "duty" with respect to his own participation in Vietnam, he now waves his arm majestically, proclaiming our "duty" now that he is in power as our first military-resister president.

Modernists are right that the world has changed since Thomas Woodrow Wilson read Kant. But the old ground rules, taught by our founders, still apply. The main job of foreign policy should be to preserve the peace and liberty of the United States, and to remain aloof from entanglements that take the lives of our progeny.

Therefore, I have a recommendation. Whenever you see Sally Struthers on TV with a darling African child, write a check to your favorite African charity. Moreover, if you have time, go to Africa on your vacation to help nourish babies. But disdain Woodrow Wilson's prescription: to kill 'em, bomb 'em dead, turn a machine gun on 'em in the name of conscience. Our job is not to force a democratically elected president on Haiti or anywhere else.

That means not only that charity begins at home. It extends to foreign nations — but as charity, not as instruments of foreign aid run by our government. The best charity we can do is nourish ‘em, not nuke ‘em . . . even when some politician playing at commander-in-chief cites it as our “moral duty.”

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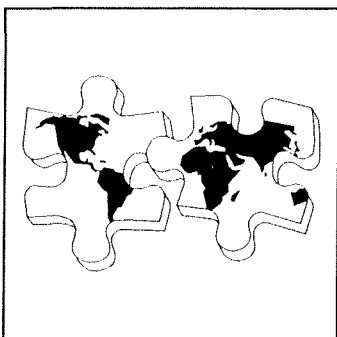
Thomas F. Roeser, a member of the Illinois Board of Governors of The Heartland Institute, is a former Fellow of the John F. Kennedy School of Government, Harvard, and president of his own corporate consulting firm.

ENVIRONMENTAL FRAUD!

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by Dixie Lee Ray with Lou Guzzo

The federal government, which owns a third of all land in the United States, is reportedly spending some \$115 billion a year to enforce environmental laws and regulations. And in order to effect this, Ray reveals, "the number of law enforcement personnel assigned to carry out the edicts of all the new environmental laws and regulations must rival the number of traditional police."



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Organizations

ROUTING REQUEST

IOLTAs: Cash Cow for “Progressive” Politicking

The Washington Legal Foundation (WLF), a pro-free enterprise public interest law firm, recently sued the Massachusetts Bar Foundation for requiring all lawyers in Massachusetts to deposit client trust funds in bank accounts called “Interest on Lawyers’ Trust Accounts,” or IOLTAs. Except for Indiana, every state and the District of Columbia has an IOLTA program. As of 1991, participation in IOLTAs was mandatory in 23 states.

The Massachusetts Supreme Judicial Court, which in 1985 created a voluntary IOLTA in Massachusetts (the program became mandatory in 1989), ruled this January that these funds are to be distributed exclusively by an IOLTA committee chosen by the court, and that funds may go only to three non-profits: the Boston Bar Foundation, Massachusetts Bar Foundation, and Massachusetts Legal Assistance Corporation. In turn, these organizations make grants to other non-profit legal groups.

Groups that receive IOLTA funds in Massachusetts (and elsewhere) are frequently political pressure groups. In Massachusetts, funds have gone to such groups as the Lawyers’ Committee for Civil Rights, which lobbies for racial gerrymandering; homeless advocacy projects run by state Legal Services groups; and the NAACP.

The American Bar Association actively supports IOLTAs. A recent issue of its *IOLTA Update* reports that “the Massachusetts legal services community turned back sev-

eral legislative initiatives that could have dealt crushing blows to [IOLTAs].” The same issue reports that “[c]omprehensive or mandatory programs generate significantly more funds than do voluntary or opt-out programs”; the ABA will “actively promote conversion [to mandatory participation] in states in which IOLTA is not comprehensive.”

**Lawyers and clients
are being forced to
support groups they
do not agree with.**

First Amendment Issues

WLF argued that “the collection and use of interest . . . generated from [IOLTAs], . . . especially for litigation that involves political or ideological causes, and for legislative or other forms of lobbying, deprive plaintiffs of their right to freedom of speech and association.” Requiring lawyers to participate in IOLTAs forces them to choose between a serious curtailment of their practices or “associating with organizations whose actions offend their [and their clients’] political and ideological beliefs.”

This argument seems consistent with two cases in which the U.S. Supreme Court ruled that individuals cannot be compelled to contribute to political causes they

may oppose. Nonetheless, the First Circuit ruled against WLF, finding that mandatory IOLTAs do not “burden the plaintiff’s First Amendment rights” because the “IOLTA rule does not require that clients or lawyers join any organization.”

By this logic, however, one’s First Amendment rights to free association would not be violated if all of one’s income were taxed and given to Greenpeace or the ACLU, so long as one was not required to be a member of either group.

Legalized Theft

According to a 1993 *IOLTA Update* survey, 37 state IOLTAs claimed \$120.66 million in income for 1992. Putting this figure in perspective, consider that combined corporate and union giving to congressional campaigns in 1990 was \$66 million for the U.S. House and \$24 million for the Senate.

Mandatory IOLTAs are an example of what Thomas Jefferson denounced in the 1786 *Virginia Declaration of Religious Liberty*: “to compel a man to furnish contributions of money for the propagation of opinions which he disbelieves is sinful and tyrannical.” Perhaps the greatest injustice is that lawyers — among the most affluent Americans — benefit from a program that takes money from their clients, who are often less affluent.

If the American Bar Association feels so strongly about the political crusades it supports with IOLTAs, it should pay for them through membership dues, as do other special interest groups. The interest on lawyers’ trust accounts belongs to clients, which is why IOLTAs are nothing more than legalized theft.



**Capital
Research
Center**

Information on this page was provided by Thomas J. DiLorenzo, a Senior Fellow at the Capital Research Center. For more information, contact the Capital Research Center, 727 15th Street NW, Eighth Floor, Washington, DC 20005-1599; phone 202/737-5677, fax 202/737-5692.

Education

ROUTING REQUEST

U.S. Falling Behind on Educational Choice

Voucher Pilot in Puerto Rico

In early September Gov. Rossello of Puerto Rico signed into law a voucher program allowing students to select from among public, private, and parochial schools. It is a four year, \$10 million pilot program available to one percent of Puerto Rico's K-12 students. The maximum voucher is \$1,500, an amount sufficient to cover tuition and books at most of the country's nonpublic schools. Students may apply immediately for these vouchers, and begin using them in the current school year.

Governor Rossello said, "This is not a matter of public schools versus private schools; this is a matter of good schools versus bad schools. Who will decide which is which? Who will have that power? That's very simple — the family."

Kansas City I: What the People Asked For

In 1989, a group of Kansas City plaintiffs filed a lawsuit named for the lead plaintiff and schoolchild, Quintin Rivarde, a young black student in the Kansas City public schools. *Rivarde* was filed because yet another attempt to desegregate the Kansas City public schools was failing.

Under a previous agreement, minority children from Kansas City could attend schools in suburban communities on a space-available basis. Transportation costs were paid by tax dollars. But thousands were turned down because space was not available, and for many participants, the distance to travel was so great that transportation was a time-consuming trial.

Fifty-three well-integrated private and parochial Kansas City schools offered to admit 4,000 students who had been denied admission to the suburban schools. They had space for *all* of them. The schools agreed to educate these children for less than half the \$6,000 per student that Kansas City public schools had been spending.

Four thousand students would have received what their parents wanted *and* the taxpayers would have saved \$12,000,000. The judge rejected the offer.

Kansas City II:

What the People Were Given

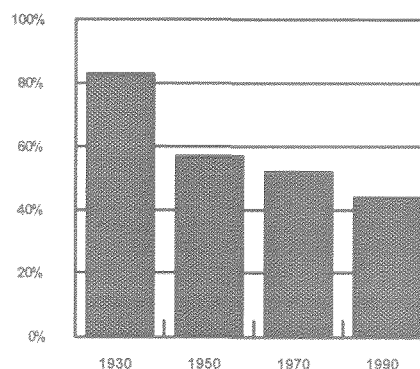
In 1987 Judge Russell Clark ruled that a complete rehabilitation of Kansas City schools would be the solution to poor academic performance and the dilemma of desegregation as well. Build enough beautiful facilities and everyone would clamor to get in. All would stay; all would learn.

Over the next few years the entire state of Missouri was taxed to provide **\$1.3 billion** to build new schools for the 36,000 Kansas City students. That is capital improvement to the tune of \$36,000 per student. (In a district the size of Chicago a proportional effort would cost nearly **\$15 billion**, more than half the annual budget of the State of Illinois.)

The *Wall Street Journal* urged those who wanted to test the theory that you can solve a problem by throwing money at it to watch the Kansas City schools. The results are now in. Since 1987 Kansas City students are performing more poorly on tests. The dropout rate has soared, now exceeding 60 percent — twice the national rate.

As columnist Stephen Chapman writes: "The people running Kansas City's public schools have thrown more than enough money at their problems. They have proved only that they know how to buy their students everything but a good education."

Losing Local Control:
The Falling Local Share of School Funding



Source: Institute for Policy Innovation, April 1993

**CENTER FOR
REBUILDING**

**AMERICA'S
SCHOOLS**

Information on this page was provided by Thomas Hetland, FSC, Executive Director of the Center for Rebuilding America's Schools. He is a member of the Christian Brothers and was for twenty years a high school teacher and administrator. For more information, contact Thomas Hetland, the Center for Rebuilding America's Schools, 800 East Northwest Highway #1080, Palatine, IL 60067; phone 708/202-3060, fax 708/202-9799.

Environment

ROUTING REQUEST

Environmental Hysteria Costly and Irresponsible

Unfunded Mandates

Four organizations representing cities and counties nationwide declared October 27th "National Unfunded Mandates Day," calling for an end to this

pernicious practice of the federal government. Many of the worst mandates are environmental regulations: For example, the Clean Water Act, Safe Drinking Water Act, solid waste regulations, and Endangered Species Act alone have imposed billions of dollars in costs on local governments.

The U.S. Conference of Mayors, the National Association of Counties, the National League

of Cities, and the International City/County Management Association have prepared surveys and reports to educate the public about the plight of local governments.

Ban the Bleach

According to *EPA Watch*, the Environmental Protection Agency will seek public comments (beginning October 31) on its "landmark rulemaking" to impose new guidelines for effluent from the pulp and paper industry. Much of this debate revolves around the inordinate fear of any chemical compound containing chlorine. (See "The Crusade Against Chlorine" by Ivan Amato, *Science*, July 9, 1993.)

EPA is empowered under the Clean

Water Act to establish technology-based water discharge limits for most industries. However, the desire to entirely eliminate certain chemicals simply pushes too far. Even EPA administrator Carol Browner has admitted that totally chlorine-free technology has not been successful for high-brightness paper from southern softwoods. Having devastated the Pacific Northwest timber industry, EPA now turns its focus to the Southeastern pulp industry. Nationwide, the industry might have to spend \$6 billion to comply with the anticipated rules. For further information: *EPA Watch*, Chantilly, Virginia, 703/968-9771.

Much Ado About Asbestos

The recent hysteria over asbestos in New York City's public schools highlights the cowardice displayed by political leaders on environmental risk issues. When it was discovered that the asbestos tests performed by New York contractors were slipshod or completely faked in many cases, panic ensued. The proper response of public officials would have been to condemn the fearmongers — not to play along. The truth about the minuscule risk from asbestos in buildings has been known for years, yet public officials stampede like frightened sheep whenever an eco-terrorist shouts "cancer." Instead, public officials should listen to the experts working with the Science and Environmental Policy Project, who have crafted a response to the asbestos hysteria.

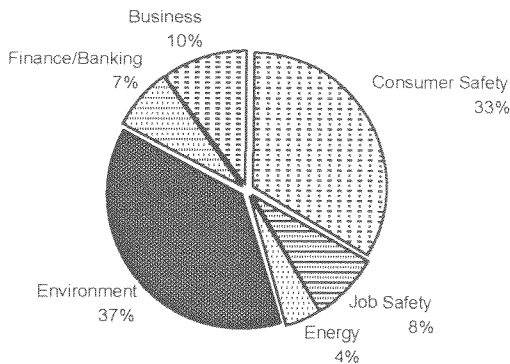
Contact Candace Crandall, Science and Environmental Policy Project, 703/527-0130.

Good Reading

Robert James Bidinotto, a staff writer for *Reader's Digest*, has compiled an easy-to-read pamphlet that rebuts many common environmental myths and pseudo-scientific claims. Bidinotto explores the history behind the modern environmental movement and provides much-needed ammunition for thinking individuals.

Copies are available for \$4.50 from the Institute for Objectivist Studies, 82 Washington Street, Suite 207, Poughkeepsie, NY 12601. Information about bulk orders can be obtained by calling 914/471-6100.

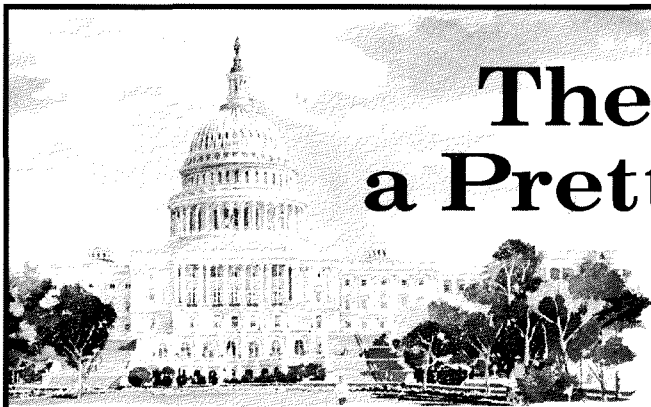
1993 Regulatory Spending
by Federal Government, by Category



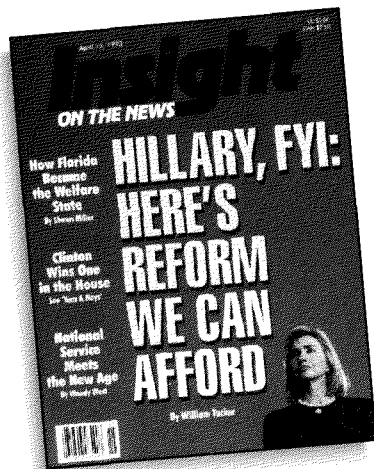
Source: Center for the Study of American Business, December 1992

Information on this page was provided by Kent Jeffreys, director of environmental studies at the Competitive Enterprise Institute, 1001 Connecticut Avenue NW #1250, Washington, DC 20036; phone 202/331-1010, fax 202/331-0640

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Families

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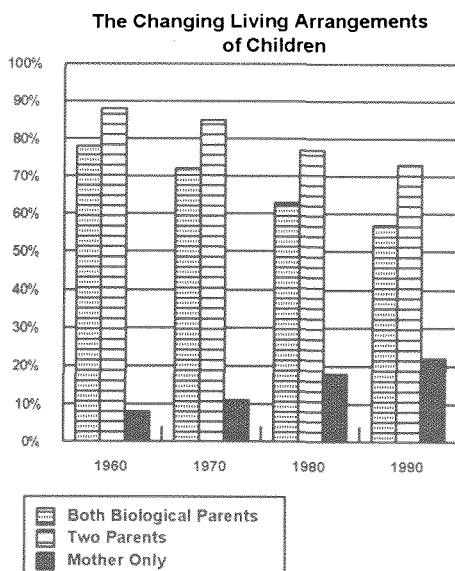
Unintended Consequences: The Family vs. The State

Fostering Incest?

Easy divorce laws and state-subsidized day care may drive up the incidence of incest. A recent study concludes that "any disruption of parent-child bonding patterns contributes to the likelihood of incest." Such disruptions can result from divorce and remarriage or from "extensive use of any kind

of surrogate parenting, e.g., a nanny or day-care, in the first year of life."

Source: "Rethinking Oedipus: An Evolutionary Perspective of Incest Avoidance," *American Journal of Psychiatry* 150 [1993]: 411-416.



Source: U.S. Bureau of the Census

effects are "quite robust" and therefore "should be carefully considered for their policy implications."

Source: "Mate Availability and Family Structure Among African Americans in U.S. Metropolitan Areas," *Journal of Marriage and the Family* 55 [1993]: 288-302.

... And Abroad

The modern welfare state creates economic and cultural pressures making women

increasingly reliant upon the state rather than upon their husbands. Two recent Scandinavian studies show how mothers become dependent on the state for "distributive systems to supplement or replace the market and the family." The growth of the welfare state is a primary reason that "the traditional form of family life with a male breadwinner has virtually disappeared in the Scandinavian countries."

Sources: Arnlaug Leira, *Welfare States and Working Mothers: The Scandinavian Experience* (Cambridge: Cambridge University Press, 1992); Jorgen Goul Andersen, "Sources of Welfare-State Support in Denmark: Self-Interest or Way of Life?" *International Journal of Sociology* 23 [1993]: 25-46.

Government as Surrogate Husband, in the U.S. ...

Government welfare programs exert a powerful downward pressure on marriage rates among blacks in American cities. A new study documents "negative effects of public assistance on the prevalence of marriage and husband-wife families" among the black urban population. These

Fatherless Inmates

It is no accident that states have been building new prisons at the same time they have been enlarging their divorce courts.

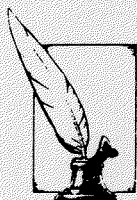
A new statistical analysis reveals that the population in state penal institutions — which has grown 58 percent in the last five years — is made up disproportionately of inmates from broken homes. "Most inmates did not live with both parents while growing up," the analysis finds. "An estimated 14 percent of the inmates had lived in households with neither parent"; "43 percent of the inmates [had] lived in a single-parent household: 39 percent with their mother and 4 percent with their father."

Source: *Survey of State Prison Inmates 1991*, The Bureau of Justice Statistics, March 1993, NCJ-136949.

Morally Perplexed

Some parents may feel the state has resolved their problems when it grants an easy divorce. Many adolescent children of those parents feel otherwise. A recent study finds that teens of divorced parents are much more likely than their peers in intact families to feel trapped in "moral dilemmas," such as "deciding which parent to live with." Anxieties about "peer rejection" run higher among teens with divorced parents than among teens in intact homes.

Source: "Moral Dilemmas of Early Adolescents of Divorced and Intact Families: A Qualitative and Quantitative Analysis," *Journal of Early Adolescence* 13 [1993]: 168-182.



**THE
ROCKFORD
INSTITUTE**

Information on this page was provided by Bryce J. Christensen, editor of *New Research*, a monthly supplement to *The Family in America*, published by The Rockford Institute. For more information, contact Allan Carlson or Dr. Christensen at The Rockford Institute, 934 North Main Street, Rockford, IL 61103, phone 815/964-5053, fax 815/965-1826.

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April 6, Welfare Reform, with *Robert Rector* of The Heritage Foundation.

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Health Care

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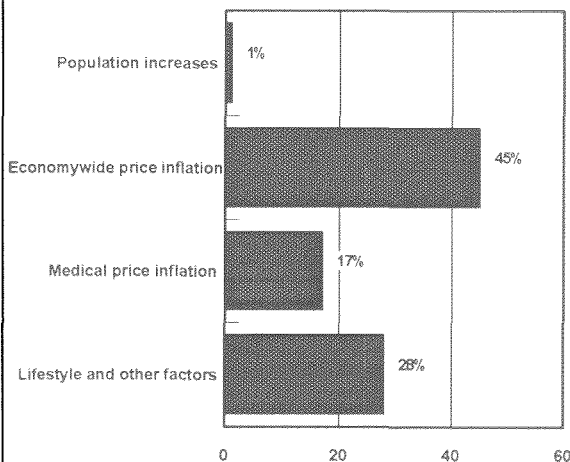
Views on the Clinton Health Care Reform

A Tax on Coffee, Cholesterol, and Salt?

The Clinton Administration would tax coffee, cholesterol, and salt "if there is a way

Source: "Healthy sacrifice good for the young," Mike Royko, *Chicago Tribune*, September 24, 1993.

Why Personal Health Care Expenditures Rose in 1990



Source: Health Care Financing Administration.

we can ever come up with to tax those things," according to Hillary Rodham Clinton during testimony before the Ways and Means Committee of Congress. Her comment came in response to a question from Rep. Jim Bunning (R-KY), who pointed out that taxing tobacco to finance health care reform was discriminatory and unfair toward tobacco growers concentrated in his state.

Source: "Mrs. Clinton touches all health-care bases," *Chicago Tribune*, September 29, 1993, page 4.

Mike Royko on Reform

"The White House kept telling us about the 37 million Americans who are without some form of health coverage (many of them by choice, which was never mentioned). The 37 million became a mantra. Yes, that's a lot of people. But you can look at it another way. About 220 million Americans have some coverage. So, in my simpleminded way, I figured that if the vast majority of Americans have some form of health coverage, leave them alone and find a way to take care of the minority who don't. Why throw everything up for grabs and create another army of bureaucrats?"

Sen. Bob Kerrey on Reform

On the eve of President Clinton's September 22 speech, syndicated columnist David Broder reported an interview with Nebraska Senator Bob Kerrey, who cast the deciding vote for the Clinton budget plan in August. "We cannot do what we did on the budget bill," said Kerrey. "We cannot describe the health plan as something it isn't. The people will find out the truth and they will never forgive us if we have misled them."

Source: "Kerrey's counsel: Tell the whole truth on health reform," David Broder, *Chicago Tribune*, September 22, 1993, page 23.

Stephen Chapman on Reform

"People don't get insurance to cover normal auto maintenance and minor repairs. Why do they need insurance for the human equivalent? If Americans had to pay for ordinary medical bills themselves they would be less apt to get treatment of marginal value — which in turn would help to reduce overall medical expenditures, health insurance premiums, and taxes. The worst defect in our health care system is that those without insurance can suddenly be buried in medical bills that they can never pay for. That risk, however, can be removed by catastrophic coverage — an option that has gotten no attention in the current health care debate."

Source: "Clinton's health care plan doesn't have room for sacrifice," Stephen Chapman, *Chicago Tribune*, September 12, 1993.

The Economist on Reform

"Mr. Clinton expects that cost controls (and, possibly, new taxes on cigarettes and alcohol) are all that will be needed to produce budget savings. . . . The administration says that its reforms were developed in 'the most open policy-making process in history.' From what has been seen of them so far, they appear to have been developed in cloud-cuckoo land."

Source: "Health-care reform: Hard to swallow," *The Economist*, August 28, 1993.



**THE
HEARTLAND
INSTITUTE**

Information on this page was provided by Joseph L. Bast, President of The Heartland Institute. For more information, contact The Heartland Institute, 800 East Northwest Highway #1080, Palatine, IL 60067; phone 708/202-3060, fax 708/202-9799.

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Privatization

ROUTING REQUEST

Crime, Punishment, and Privatization

Libertarian Pipedream Becomes Brief Reality — and Works

A unique experiment in public safety has come to a premature close. For the first time in New Jersey history, private security guards were hired to replace public police officers in Sussex, a small borough with a population of 2,220. From June 1 to August 10, Executive Security & Investigative Services, Inc. (ESIS) patrolled the streets and detained suspects, though it did not have the legal right to make arrests.

The town hired the private security firm after the firing of the former four-person police force last year due to drug use and distribution charges. But Superior Court Judge Reginald Stanton revoked the six-month contract, citing three reasons: 1) Private guards do not have the legal right to perform law enforcement. 2) The borough will be financially liable for any civil or legal errors the private guards make. 3) Private security officers do not undergo the same physical and

psychological training required of state police officers.

Sussex Mayor Peter Horvath told the *Daily Record* that the private firm was doing "an excellent job." If the contract were not abruptly ended, the borough would have saved at least \$100,000 per year. Sussex paid \$285,000 per year for the former po-

lice officers, while only \$48,000 for six months to ESIS.

More Private Security

From **Oceanside, California** to **Baltimore, Maryland**, cities are hiring private security to help police departments protect and serve their citizens. By assisting police officers with support functions — such as park and street patrols — private security guards free up police officers for more pressing law enforcement functions. Businesses are also banding together to hire private security guards to deter theft and vandalism. Although private security firms could not replace public police departments under current state legislation, lingering fiscal constraints will promise continued demand for private security services.

Outside of direct law enforcement, the use of private security has grown rapidly. The number of private security guards was approximately 1.5 million in 1990, and will increase to a projected 1.8 million by the year 2000, according to the National Institute of Justice. Currently, private security guards outnumber police officers three to one, a margin that likely will increase in the future.

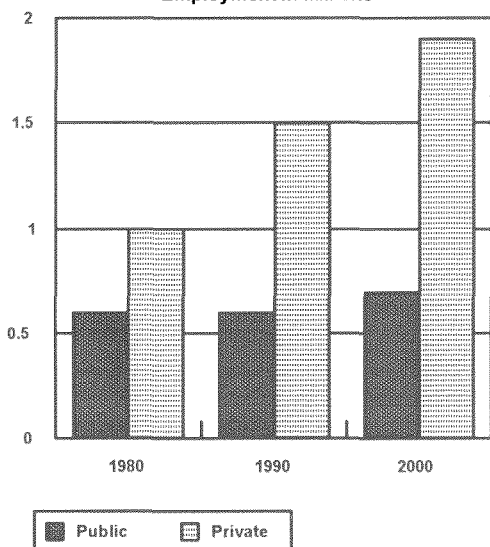
Who Will Protect the Protectors?

In what may be the ultimate in police privatization, *The Economist* reports that in response to an embarrassing series of break-ins, a police station in Edinburgh has hired a private security firm to keep out the local criminals.

Prison Management

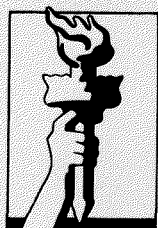
In America, the number of privately managed prison facilities increased by 25 percent in 1992. In Britain, *The Economist* reports that Home Secretary Michael Howard wants to see 10 percent of all prisons under private management in the next few years. The design, construction, and management of *all* new prisons in Britain will be contracted out. Britain is also privatizing prison education services.

Public Law Enforcement vs. Private Security
Employment in Millions



Information on this page was provided by John O'Leary and William Eggers of the Reason Foundation. For more information, contact the Reason Foundation, 3415 South Sepulveda Boulevard, Suite 400, Los Angeles, CA, 90034; phone 310/391-2245, fax 310/391-4395.

Privatization Hotline 310/391-6525



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From Acid Rain to What Government Can Do

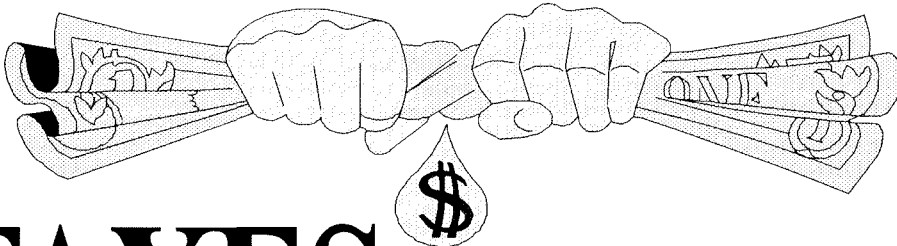
Everything You Need To Know About the Environment

How to protect the environment is one of the top public policy concerns of the 1990s, but keeping on top of the issue is rapidly becoming a full-time job. There are so many aspects to keep track of, and the latest research keeps toppling last month's "consensus" on the scope of environmental hazards. For example:

■ **Is acid rain killing trees and poisoning lakes in the East?** Not according to the National Acid Precipitation Assessment Program, a massive 10-year study commissioned by the U.S. Congress. This study found that most forest damage was due to natural causes (and sometimes to man-made ozone emissions in some heavily urbanized areas). So-called "acid lakes" were found to have had high levels of acidity long before man arrived on the scene.

■ **Are emissions from smokestacks and tailpipes causing catastrophic "global warming"?** Scientific opinion is deeply divided on whether or not global warming is taking place, what is causing it (if, in fact, it is taking place), and what its consequences would be. Says one prominent climatologist: "From a climate perspective, we have had a far more moderate greenhouse effect than what the public has been led to believe."

(continued on page 16)



TAXES

Will Rogers once observed that "the income tax has made more liars out of the American people than golf balls." It also has fueled more campaign rhetoric and helped determine more election results than any other single issue in American politics. Remember "Read my lips?"

PolicyFax now has nine *DataFiles* on tax issues, containing hundreds of quotations, reviews, and summaries of sound research from authoritative sources. The following *DataFiles* may be of special interest to you:

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(continued on page 16)

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- 65 Privatization
- 72 Regulation
- 80 Taxes
- 81 Transportation
- 92 Welfare
- 99 Other Topics

ENVIRONMENT

(continued from page 15)

■ **Is logging causing irreparable damage to the world's wilderness areas?** In some parts of the world, particularly in Asia, the answer is yes. But in the U.S., the lumber and paper industries plant more trees than they cut down each year, and as a result the number of wooded acres in the U.S. is increasing, not decreasing. In South America and Africa, farming and government policies that subsidize clearing are far greater threats to wilderness areas than is logging.

PolicyFax has 35 hard-hitting and up-to-the-minute *DataFiles* on these and other environmental issues. (See list in the box below.) Each *DataFile* contains up to 30

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TAXES

(continued from page 15)

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#8036001 Income Taxes, #8064001 Property Taxes, and #8076001 Sales Taxes These *DataFiles* present state-by-state comparisons, trends, effects on economic growth, and the advantages and disadvantages of each type of tax

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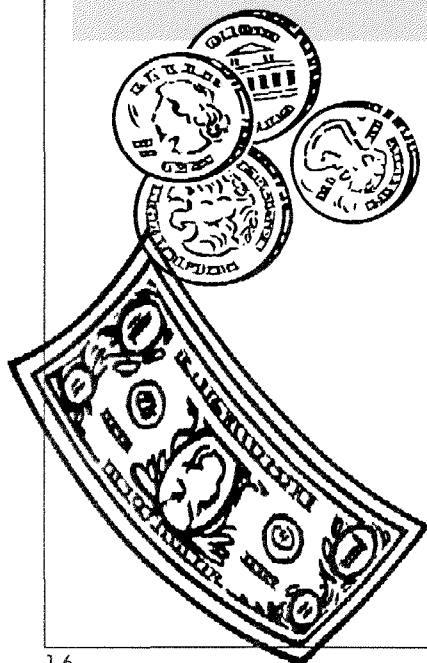
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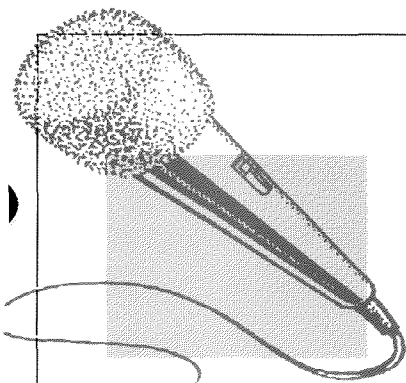
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ies of their effect on economic growth.

#8080001 Taxpayer Movements News about taxpayer organizations, what they are saying, what they are up to, and how to contact them.

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Global Warming" (#2329001) begins with "What is global warming?" and goes on to quote proponents of the global warming theory predicting future temperature changes. It then presents quotations and abstracts questioning whether man-made emissions are likely to be the cause of global warming, why computer models are likely to be wrong, and why some scientists believe some global warming would be a good thing. The whole document is about five pages long.

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32 Health Care

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3228001 Government Programs	3264001 Pharmaceutical Industry
3236001 Insurance Regulation	3272001 Reform Ideas
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	3292001 Why We Spend Too Much

Health Care Reform

The Clinton Administration has placed health care reform at the very top of its domestic legislative agenda. State legislators are feeling pressure from their constituents to "do something" immediately about rising health care costs and the growing uninsured problem.

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To know what document number you need to type in at the voice prompt, see the list of **DataFiles** on health care issues at the top of this page.

DataFiles are a terrific way to stay current on the health care debate. For example, **#3212001 Canadian Model** contains the latest information on health

care spending trends and waiting times in Canada. **#3228001 Government Programs** documents the cost and growth of Medicaid and Medicare programs, and how they cause "cost shifting" to privately insured patients.

#3252001 Managed Competition explains what this hot new term means and why it might not be the kind of reform that your constituents want. **#3272001 Reform Ideas** contains two dozen reactions to the Clinton Administration's plan, along with summaries of the reform plans put forward by others.

#3273001 Regulation of Providers describes the many ways that government regulation actually contributes to the problems of rising cost and inefficiency. And **#3280001 Tax Reform** explains the role that tax policy plays in subsidizing demand for health care while making consumers less sensitive to price.

Besides **DataFiles**, **PolicyFax** also contains short essays (called *Perspectives*), executive summaries of longer studies, and excerpts from books on health care. For a complete list of documents on health care available through **PolicyFax**, dial 510/208-8000 and order a free subdirectory. When you are prompted for the two-digit topic code, press "32" for health care. ✕

Questions?

If you have any questions about **PolicyFax**, call Rick Buckley or Diane Bast at 708/202-3060 or write to The Heartland Institute, 800 East Northwest Highway, Suite 1080, Palatine, Illinois 60067.

Taxes

ROUTING REQUEST

Property Taxes On the Rise Again

Property Tax Collections Per Capita
Fiscal Years 1980 and 1991

	1980	1991	Change
Alabama	\$ 79	\$ 171	116%
Alaska	900	1,213	35
Arizona	352	662	88
Arkansas	134	242	81
California	274	639	133
Colorado	329	690	110
Connecticut	473	1,138	141
Delaware	167	311	86
Florida	224	687	207
Georgia	199	506	155
Hawaii	193	430	123
Idaho	227	427	88
Illinois	367	785	114
Indiana	246	571	132
Iowa	360	686	91
Kansas	366	691	89
Kentucky	135	277	105
Louisiana	111	275	148
Maine	319	796	150
Maryland	288	617	114
Massachusetts	555	830	50
Michigan	413	894	116
Minnesota	324	718	122
Mississippi	141	344	144
Missouri	215	377	76
Montana	455	523	15
Nebraska	401	744	86
Nevada	256	456	78
New Hampshire	451	1,341	197
New Jersey	499	1,257	152
New Mexico	142	222	56
New York	501	1,101	120
North Carolina	173	382	124
North Dakota	269	505	88
Ohio	281	541	93
Oklahoma	151	250	66
Oregon	382	877	130
Pennsylvania	249	562	126
Rhode Island	413	880	113
South Carolina	160	423	164
South Dakota	351	580	65
Tennessee	158	329	108
Texas	280	679	143
Utah	235	416	77
Vermont	377	925	145
Virginia	236	638	171
Washington	290	625	116
West Virginia	137	273	99
Wisconsin	361	797	121
Wyoming	552	912	65
District of Columbia	344	1,475	329
U.S. Average	\$300	\$ 666	122%

Over the past decade, property taxes rose rapidly, reversing a downward trend in collections nationwide during the 1970s. In fact, they've been rising steadily over the last 14 years, from \$119 billion in 1980 to \$183 billion this year in constant 1993 dollars.

The accompanying table shows the increase in state and local per-capita property taxes by state during the 1980s. Property taxes per person increased a staggering 329 percent in the District of Columbia in that time period, compared to a national average of 122 percent. The District was followed in order by Florida, New Hampshire, Virginia, South Carolina, and New Jersey, all of whom had per-capita property tax increases of over 150 percent.

At the other end of the spectrum, Montanans only experienced a 15 percent rise in property taxes between 1980 and 1991, the smallest increase in the nation. Other states that experienced relatively slow increases in property taxes during the 1980s were Alaska (35 percent), Massachusetts (50 percent), Wyoming (65 percent), and South Dakota (65 percent).

State-level property taxes are levied in 42 states, but only three states — Alaska, Washington, and Wyoming — collect over \$100 per capita annually in state property taxes. In contrast, property taxes are the bread and butter of local government finances, providing 75 percent of their tax revenue. According to the latest Bureau of Census data, local governments in five states and the District of Columbia now average over \$1,000 per capita in local property taxes. The District leads the way with \$1,475 per person, followed by local governments in New Hampshire, New Jersey, Alaska, Connecticut, and New York.

Chris Edwards, Tax Foundation economist, notes that residential property taxes are generally regressive and hit lower-income homeowners harder because home values typically represent a larger percentage of their income. In addition, property taxes can lead to urban blight as individuals and businesses abandon high-tax city centers for the suburbs.



Information on this page was provided by Stephen Gold, director of communications at the Tax Foundation. For more information, contact the Tax Foundation, 1250 H Street NW, Suite 750, Washington, DC 20005-3908; phone 202/783-2760, fax 202/942-7675.

Welfare

ROUTING REQUEST

The Rise and Failures of the Welfare State

Welfare Spending Hits Record High

Welfare spending by federal, state, and local governments hit an all-time high of \$306 billion in 1992. In constant dollars, welfare spending is now seven times greater than when the War on Poverty began in 1965.

The welfare spending total includes cash, food, housing, and medical aid, education and training, and social services targeted to poor and low-income Americans.

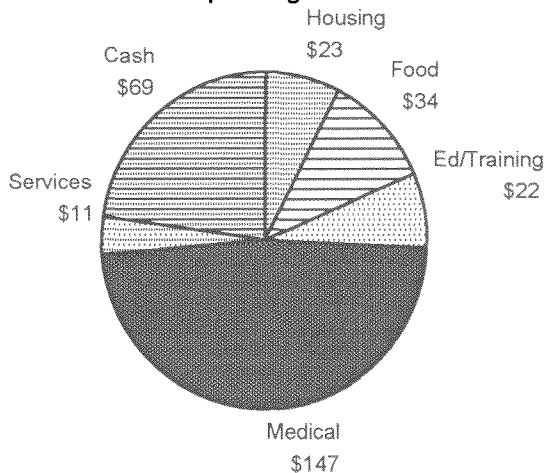
Entitlements for the general population, such as Social Security and Medicare for the middle class, are excluded.

Welfare spending in 1992 exceeded 5 percent of Gross National Product, topping the previous record levels set during the Great Depression of the 1930s. Total welfare spending in 1992 equaled \$8,270 for every poor person in the U.S.

Source: Robert Rector, "The Poverty Paradox: How America Spent \$5 Trillion on the War on Poverty

Without Reducing the Poverty Rate," *Heritage Foundation Executive Memorandum #364*, September 22, 1993.

The 1992 Welfare State Spending in Billions



Many Welfare Mothers Have Limited Earning Potential

A study by Child Trends Inc. shows that mothers in the Aid to Families with Dependent Children program have extremely low cognitive skill levels. Welfare mothers have significantly lower math and verbal abilities

than other women of the same ethnic group who were not enrolled in welfare programs. When all U.S. women were ranked according to basic math and verbal skills, over half of welfare mothers were found to have cognitive skill levels placing them in the bottom 20 percent of the overall population.

Other research has shown that training programs do little to improve the cognitive skills and earnings capacity of welfare recipients. These findings underscore the difficulty of making single mothers on welfare economically independent through labor market earnings. Strategies to reduce illegitimate births and promote and sustain marriage are thus essential in any serious effort to reduce welfare dependence and raise living standards.

Source: Nicholas Zill, Kristin Moore, Christine Ward, and Thomas Stief, *Welfare Mothers as Potential Employees: A Statistical Profile Based on National Survey Data*, February 25, 1991, Child Trends Inc., 2100 M Street NW #610, Washington, DC 20037.

Job Training Has Little Effect on Earnings

The Job Training Partnership Act (JTPA) is the federal government's largest training program. A recent study commissioned by the U.S. Department of Labor found that the program had very little effect in raising the earnings of trainees. Adult males had no significant increase in earnings as a result of participating in JTPA. Teenage male dropouts actually showed a marked decline in earnings ability. JTPA did raise the earnings of adult women participants by between \$50 and \$75 per month by the end of the 18-month study period. The overall average increase in earnings for adult women was 7.2 percent. However, most of this increase was caused by an increase in the number of hours worked; the average hourly pay rate among adult women participants was increased by only 3.4 percent.

Source: Howard Bloom, et al., *The National JTPA Study: Title II-A Impacts on Earnings and Employment at 18 Months*, Research and Evaluations Report Series 93-C, U.S. Department of Labor, Employment and Training Administration, Washington, DC, 1993.

Information on this page was provided by Robert Rector, policy analyst for social, welfare, and family issues at The Heritage Foundation. For more information, contact The Heritage Foundation, 214 Massachusetts Avenue NE, Washington, DC 20002, phone 202/546-4400, fax 202/544-2260.

The Heritage Foundation

RESEARCH REPORT

Summaries of Research on State and Local Public Policy

See pages 30-31 for the addresses and telephone numbers of the publishers of research cited here.

EDUCATION

School Choice Roundup. "Many Americans are responding to the education crisis by supporting genuine school choice in their states and localities." Several thousand low-income students were able to attend the school of their choice in 1992 under one of six privately sponsored voucher programs, up from two in 1991. Choice legislation was introduced or pending in 34 states. At least 19 states have strong citizen coalitions working for school choice. Angela Hulse, *School Choice Programs: What's Happening in the States*, March 1993, The Heritage Foundation.

"Our American public school system is not unlike Jurassic Park. It is wildly experimental, often dangerous, and has a fair number of dinosaurs running around . . . not the people, but the practices."

William Bennett

Objections to OBE. Outcomes-Based Education (OBE) is sweeping the country . . . but it has some parents even more agitated than explicit sex education. Why? *OBE is packaged in deceptive language*: "new basics," for example, has nothing to do with reading, writing, and arithmetic. *OBE includes no objective standards of achievement*, so there is no accountability. *OBE involves tightened state control at the expense of local control*. "What's Wrong with Outcome-Based Education?" *The Phyllis Schlafly Report*, May 1993. Contact the Eagle Trust Fund, Box 618, Alton, IL 62002.

Government Employees Support Educational Choice. Nearly 93 percent of respondents to a *Crain's City &*

State fax poll on education reform believe parents should be able to choose where their children go to school. Almost 62 percent of respondents favored vouchers, and 69 percent would extend choice to private schools. *Crain's City & State*, June 21, 1993.

Teacher Salaries. The average teacher in the U.S. made \$35,334 for the nine months of the 1992-93 school year — an increase of 9 percent (\$2,903) over the year before. Connecticut teachers had the highest average salary — \$48,850 — while South Dakota's had the lowest — \$24,125. Teachers in three states — California, New Mexico, and Louisiana — and the District of Columbia took pay cuts. "Average Teacher Salaries 1992-93," *Government Union Critique*, July 16, 1993, Public Service Research Foundation.

A Decade of Pennsylvania School Reform. Like states across the country, Pennsylvania launched a series of school reform initiatives between 1983 and 1993. 1983-1987 "More (money, teachers, homework, tests) is Better." These bureaucratic reforms failed to produce improvements in student achievement. 1987-1991 "Restructuring." Site-based management, teacher empowerment, and restructuring at the central office all proved to be "process" reforms that left substance untouched. 1991-Present "Outcomes-Based Education." Hopelessly vague outcomes, each one more fatuous than the one before, have doomed OBE reform. Dr. William J. Moloney, "A Nation At Risk Ten Years Later," July 1993, The Commonwealth Foundation.

Demanding a Choice. The parents of 34 poor Los Angeles schoolchildren have sued the state of California for violating their children's constitutional right to an education. Like the parents in a similar lawsuit filed in Chicago (and ultimately rejected by the Illinois

courts), the L.A. parents want vouchers, to enable them to place their children in schools where they will learn. Joseph Perkins, "School Choice: A Children's Crusade," *Choice Comments*, July 30, 1993, The REACH Alliance.

Education Under a Microscope. In chapters titled "Schooling and Learning in Earlier Days," "The Cult of Public Education," "Contemporary Problems and Issues," and "Glimpses of Freedom," 20 authors explore a wide range of education issues. *Public Education and Indoctrination*, May 1993, Foundation for Economic Education, Inc.

They Needed to Ban It? The Alabama State Board of Education recently voted to adopt a three-part regulation that prohibits public school personnel from using "any techniques that involve the induction of hypnotic states, guided imagery, meditation, or yoga." "Alabama Schools Ban Hypnosis, Yoga," *Education Reporter*, July 1993. Contact Eagle Forum Education and Legal Defense Fund, Box 618, Alton, IL 62002.

North Carolina OBE Project Rejected, De-Funded. The New American Schools Development Corporation (NASDC) has rescinded its \$20 million, five-year commitment to the *Odyssey* Project in North Carolina. The project, built on an outcome-based education model, intended to establish a prenatal through 12th grade curriculum. Parents opposed the project vociferously, calling *Odyssey* "Big Brother." "Big Brother' Curriculum Dies in N.C.," *Education Reporter*, July 1993. Contact Eagle Forum Education and Legal Defense Fund, Box 618, Alton, IL 62002.

More Money, Less Achievement. Inflation-adjusted education spending per student has risen about 35 percent in the past 10 years. Yet on the 1990 International Assessment of Education Progress, American 13-year-olds out-

Research Report Research Report Research Report Research Report

scored only students from Jordan, Brazil, Mozambique, and Portugal in mathematics. The average U.S. student's score on the verbal section of the SAT hit bottom in 1991 at 422. The average SAT math score in 1990 was 476 — 26 points lower than in 1963. "America's Education Crisis Worsens Despite Huge Funding Hikes," *Posthaste Facts on Choice in Education #1*, 1993, The National Center for Public Policy Research.

What Outcomes Sought by OBE Advocates? "The public school system is doing an inadequate job of teaching our children to read, write, add, and subtract. OBE directs them to spend more time and resources functioning as social service agents trying to make children feel good about themselves and everyone around them. The schools should spend more time on the real basics and leave the values and 'higher order thinking skills' to the parents, clergy, and other people children respect." Susan Hirschmann, "Outcome-Based Education: Classroom PC," *NET Policy Insights*, September 1993, Free Congress Foundation.

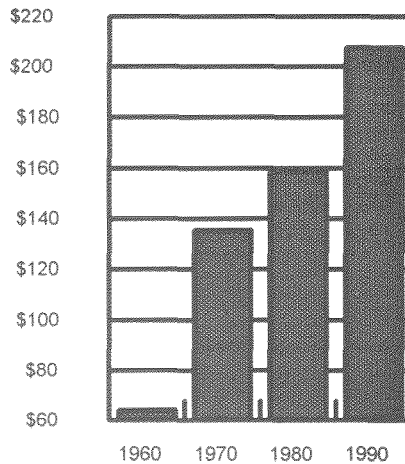
New Season for Teacher Strikes. Teachers in Illinois, Montana, Pennsylvania, and Rhode Island welcomed their students to the 1993-94 school year by standing in picket lines. First in line were the 245 teachers of the DeKalb School District in Illinois. Their strike has idled 3,700 students. "Illinois, Montana, Pennsylvania, Rhode Island Inaugurate School Strike Season," *The Government Union Critique*, September 17, 1993, Public Service Research Foundation.

Poor Parents Do Care About Kids' Education. Family Service America's recently completed study of Milwaukee's privately financed educational choice program, PAVE, "has dispelled the myth that poor parents don't care about their children's education." *Results*: 97 percent of PAVE parents report regular participation in school conferences, 67 percent in meetings, and 63 percent in school activities. Over 90 percent reported satisfaction with their students' school, principal, teachers, classroom size, curriculum, and how well their child was learning. Family Service America, Inc., *First-*

Year Report of the PAVE Scholarship Program, 1993. Contact Partners Advancing Values in Education, 1434 West State Street, Milwaukee, WI 53233.

U.S. Spending on Public Schools

in millions of constant 1990 dollars



Source: U.S. Department of Education

Leaving the Basics Behind. Critics of outcome-based education see a "politically correct agenda behind the pedagogy and a further drift away from teaching the basics." One OBE outcome approved by the Pennsylvania Board of Education "requires that all students evaluate the implications of finite natural resources and the need for conservation, sustainable agricultural development, and stewardship of the environment." Kenneth Smith, "New Wave May Cast Education Adrift," *Insight*, October 18, 1993. Contact The Washington Times Corporation, 3600 New York Avenue NE, Washington, DC 20002; phone 202/636-8800.

Education Reform is Confusing Means with Ends. "Any serious dedication to improving educational performance in the U.S. really must begin by making rigorous resolve never to view any school system, public or private, as an end in itself, but just as a means to the good end of educational achievement for persons' and society's sakes." *Education reform must not focus on protecting public schools because they are not the ultimate goal. They are only a means — and a rather ineffective one at that — to the goal of an educated*

citizenry. Quentin Quade, "Educational Finance Monopoly (EFM) and Its Destructive Influence on Family Values," *Educational Freedom*, Spring/Summer 1993, Educational Freedom Foundation.

Cleveland Catholic, Public Schools Compared. The ten inner-city schools that comprise the Catholic Diocese of Greater Cleveland serve a population that is 85 percent minority and 76 percent non-Catholic. *Sixty-five percent* of these students enter college. The system spends \$1,600 per student. In the Cleveland public schools, 70 percent of the students are minority; 50 percent drop out before graduating from high school; and \$7,000 is spent per student. Charles Byrne, "Educational Contrasts: A Case for Parent Empowerment," 1993. Contact Charles Byrne, 2412 Euclid Heights Boulevard #302, Cleveland Heights, OH 44106.

Pennsylvania Reports Most Teacher Strikes. As the 1992-93 school year drew to a close, 343 Wyoming Valley teachers went on strike, bringing to 17 the total number of teacher strikes in Pennsylvania this school year. Nationwide, the 1992-93 school year saw 56 teacher strikes in 11 states, with 28,418 teachers on picket lines and 345,638 students the real victims. "Teacher Strikes," *The Government Union Critique*, July 2, 1993, Public Service Research Foundation.

Educational Choice: The Record. Evidence that educational choice is the "essential reform" comes from three sources: educational choice experiments, comparisons of public and private schools, and research on effective schools. *The conclusion*: "We rely on markets in the United States to provide the food we eat, the clothes we wear, and the houses that shelter us. It is time the education community paid more attention to the markets that deliver these essential goods to us so reliably and efficiently." Herbert J. Walberg and Joseph L. Bast, "School Choice: The Essential Reform," *Heartland Policy Study No. 57*, September 15, 1993, The Heartland Institute.

Research Report Research Report Research Report Research Report

ENVIRONMENT

Africa Preserves Wilderness and Wildlife — Privately. Private game ranching has returned wildlife to South Africa, Namibia, Botswana, and Zimbabwe. Ranchers, permitted to profit from hunters' fees and from the sale of meat and hides, have strong economic incentives to keep their herds large and healthy. The best way to protect wildlife is to give people the opportunity to benefit from its presence. John McCormack, "Big Animals, Big States . . . Big Mistake," *Liberty*, August 1993. Contact Liberty Publishing, P.O. Box 1181, Port Townsend, WA 98368.

GOVERNMENT

Freedom Serves Poor Best. "Freedom is better than socialism in improving the quality of life for everyone — particularly the poor. The reason for this is simple: *since government is controlled by the powerful, the powerful are served first and foremost by government.* In fact, government by its very nature is for the powerful. Therefore, the weaker the government, the more powerful individuals are." Kevin J. Price, *Empowerment to the People*, 1993, Free Congress Foundation.

New York City's proposed fiscal 1994 budget — \$31.2 billion — is greater than the budgets of all but three U.S. states.

Reason Foundation

Making Public Sector Unions Unnecessary. Collective bargaining laws have given public employee unions political power that has hurt not only taxpayers, but public-sector employees as well. Government agencies should consider a "Beyond Unionism" program, working with organizations that have specialized in the design and implementation of programs making unions in the private sector unnecessary. David Denholm, *Beyond Public Sector Unionism: A Better Way*, 1992, Public Service Research Foundation.

HEALTH

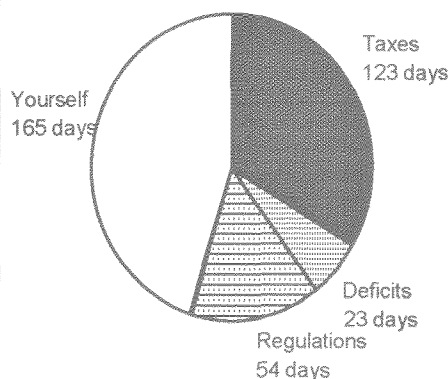
Clinton Plan Will Hurt Low-Income Workers. A survey conducted by the

Did President Clinton Miss this One? 67 percent of respondents to an ABC News-Washington Post poll preferred a small government providing fewer services, rather than a large government offering more.

Wall Street Journal
April 23, 1993

University of New Hampshire Survey Center for the Employment Policies Institute finds that 80 percent of the nation's leading economists believe that low-wage employees would lose their jobs if employers were required to provide health insurance benefits. Also: 79 percent support expanding the Earned Income Tax Credit as a way to increase income among working families; just 17 percent preferred increasing the minimum wage. 77 percent think that

200 days of 1993
will be spent
paying for government



Source: Tax Foundation, Americans for Tax Reform

increasing the minimum wage would have a negative effect on employment. R. Kelly Myers, "Health Insurance Benefits and Income Support for Poor Families: Report on National Survey of Leading Economists," June 23, 1993. Contact the Employment Policies Institute, 607 14th Street NW, Suite 1100, Washington, DC 20005.

Why Health Care Spending is Rising. Fully 45 percent of the growth in personal health care expenditures in 1990 is accounted for by economy-wide

price inflation. Three other factors also played a role: population increases (1 percent), medical price inflation (17 percent), and "residual" factors (28 percent). *Residual factors include:* more complex patients; AIDS, substance abuse, homicide, and other health-related factors; our aging population; and changes in medical practice, including technological advances. "Measuring Factors that Contribute to Rising Health Care Costs," *Insight*, March 1993. Contact the Health Care Technology Institute, 225 Reinekers Lane #220, Alexandria, VA 22314; phone 703/739-9437, fax 703/548-7019.

State and Federal Reform Proposals Neglect Choice. Two-thirds of all Americans think a national health plan should allow people to choose their own doctors. But the state reform plans most talked-about — Oregon's Medicaid expansion and Florida's system of managed competition and global budgets — both fail this test . . . as does the Clinton proposal. Conrad Meier, "Health Care Trial Balloons Sink," *A Heartland Perspective*, September 15, 1993, The Heartland Institute.

Clinton Plan Doesn't Meet its Own Standards. President Clinton's proposed health care plan won't deliver security, because the plan will force providers to ration care in order to meet "global budgets." The plan also doesn't

"Hillary Rodham Clinton made \$203,000 from her law practice in 1992. The median income of American doctors was \$139,000 in 1991, the most recent year for which figures are available. Guess who is accusing whom of making indecent sums of money?"

Stephen Chapman
Chicago Tribune, May 30, 1993

deliver choice: The federal government would determine what health insurance benefits Americans could buy, from whom they can buy them, and how much they can pay for them. And, with the extensive benefits package the President is promising, the plan won't deliver savings. Michele Davis, "The Clinton Health Care Plan: By Its Own

Research Report Research Report Research Report Research Report

Criteria, It Doesn't Measure Up," *Capital Comment*, September 23, 1993, Citizens for a Sound Economy Foundation.

The Danger of One-Size-Fits-All Health Insurance. Community rating — which requires health insurers to charge the same premium rate to every policy holder regardless of age, health status, lifestyle choices, and other factors — will lead to higher insurance premiums and greater numbers of uninsured. *One projection:* A program of community rating increases the premium paid by a 27-year-old male by 185.6 percent; after just one year, this increase would cause 82.6 percent of the insured 27-year-old males to drop their coverage. Victoria C. Craig, Mark Litow, and Greg Scandlen, "Mandatory Community Rating: The Most Dangerous Cure for Health Care Woes," July 1993, the Council for Affordable Health Insurance.

Fewer Doctors is No Cure. Dr. Philip Lee, the Clinton administration's

The federal Centers for Disease Control estimates that 196,000 Americans will die of AIDS from 1992 through 1994. During the same period, about 2.7 million Americans will be killed by cardiovascular disease, and another 1.5 million by cancer.

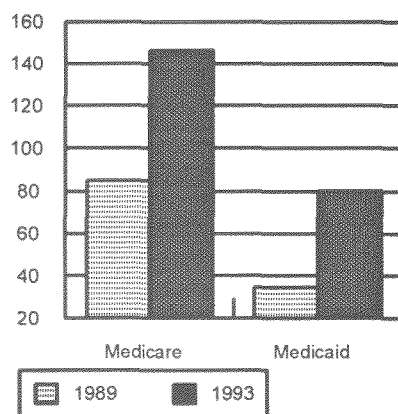
Reader's Digest

assistant secretary for health at the Department of Health and Human Services, told reporters recently that he is convinced that the U.S. has too many doctors. "But 'fewer doctors' is the answer to a question nobody asked. Neither cost containment nor greater access to the health care system follows from reducing the number of doctors." David Haddock and Daniel Polsby, "Does the U.S. Have Too Many Doctors?" *A Heartland Perspective*, September 22, 1993, The Heartland Institute.

The Dangers of Pharmaceutical Price Controls. Price regulation of the pharmaceutical industry would lower profits, reduce R&D spending, slow the introduction of new drugs,

reduce investment in low-profit drugs, and discourage development of medicines to treat or cure rare ailments and diseases. *By the numbers:* 92 of the 100 patented drugs most prescribed in the U.S. were patented by private industry; R&D expenditures in the drug industry have doubled every five years for the past two decades, reaching \$9.2 billion in 1991; nearly half of the new drugs marketed worldwide between 1975 and 1986 originated in the U.S. Terree Wasley, "The Impact

Medicare and Medicaid Spending in billions of dollars



Source: Media Research Center, 1993

of Price Regulation on the Pharmaceutical Industry," March 1993, Competitive Enterprise Institute.

Health Care Crisis a Symptom of a Government Too Big. "The health care system symbolizes the problems of a government that is too big and that has tried to do too much . . . Having created government programs that led to unsustainable levels of [health care] consumption, the public is now contemplating further limits on free choice and free enterprise to solve the problems of runaway costs and limited access." Successful health care reform requires less government, rather than more. Jonathan Kahn, M.D., J.D., *An American Revolution in Health Care*, Summer 1993. Contact Jonathan Kahn, 5825 South Dorchester Avenue #1B, Chicago, IL 60637; phone 312/955-9786.

Health Care Reform Not the Feds' Business. The regulation of health

care is a power constitutionally reserved for the States, and State officials should vigorously oppose the Clinton Administration's health care plan as a usurpation of their own Constitutional authority. "The various proposals now to impose federal excise taxes on tobacco . . . for the express purpose of financing national health care reforms arguably would deny States what the 10th and 21st Amendments reserve to the States — the power to regulate personal conduct of its citizens for the protection of human life." Joseph E. Schmitz, "Federal Sin Tax Proposals: What's the Federal Government Doing Regulating Health Care Anyway?" *Legal Background*, July 23, 1993, Washington Legal Foundation.

Preserving the Best of Private Medicine. *Private Practice* magazine devoted its August 1993 issue to a discussion of health care reform and the preservation of patient choice. Publisher Francis Davis writes, "The med-

Oklahoma Urged to Adopt Medicaid Vouchers. A publicly financed Medicaid voucher program would generate savings for Oklahoma, because major medical insurance can be purchased in the private sector for less than what the state currently spends per Medicaid recipient. *Savings:* In 1992, Oklahoma spent an average of \$3,200 on Medicaid for an AFDC family of three; Health Check Select Care, a private insurer, could cover the same family for a premium of \$2,360. David Dunn, "Medicaid Vouchers: An Idea Whose Time Has Come," *Report*, June 1993, Resource Institute of Oklahoma.

ical future of the United States is in our hands. Let's go to work to educate our fellow doctors and our patients about medical savings accounts and medical IRAs," which he says "would continue to provide patients with excellent medical care, reduce the overall cost of our health-care system, and eliminate rationing." Francis A. Davis, "Rationing Medical Care," *Private Practice*, August 1993. Contact CCMS

Research Report Research Report Research Report Research Report

Publishing Co., P.O. Box 1485, Shawnee, OK 74801.

Consumers Would Benefit from Pharmaceutical Deregulation.

Reforming the costly and complex regulation of pharmaceutical drugs would benefit consumers and speed up the introduction of new and better medicines. *On average, 5,000 new compounds must be tested in order to come up with one new drug approved by the FDA.* The process takes, on average, 12 years from initial research to FDA approval. It costs a pharmaceutical manufacturer an estimated \$231 million to develop one new drug. Murray Weidenbaum, "Restraining Medicine Prices: Controls vs. Competition," *Policy Study Number 116*, April 1993, Center for the Study of American Business.

HIGHER EDUCATION

How to Invest in Education. Private philanthropists — from multi-million-dollar foundations to \$100-a-year life members of the alumni association — will benefit from the advice offered in this special issue of *Philanthropy* magazine. William Voegeli of the John M. Olin Foundation, for example, warns: "A philanthropist interested in advancing the argument for liberty can, by donating incautiously to American universities, go beyond wasting his money ... and wind up detracting from his own goals, making the appreciation of the case for liberty less likely than it would have been if he had never made his donation in the first place." *Philanthropy*, Summer 1993, The Philanthropy Roundtable.

LAW

Asset Forfeiture Laws Abused by Law Enforcement. Laws that require the forfeiture of assets used in criminal activity have been a budget boom for many law enforcement agencies nationwide. Forfeiture money allows cities to buy squad cars, radar detectors, and other equipment. *Scary, but true:* Since 1985, the federal government has seized private assets worth more than

\$2.6 billion in over 170,000 seizures. Nearly half that was kicked-back to over 3,000 state and local agencies since 1986. Richard Miniter, "Ill-Gotten Gains," *Reason*, August/September 1993, Reason Foundation.

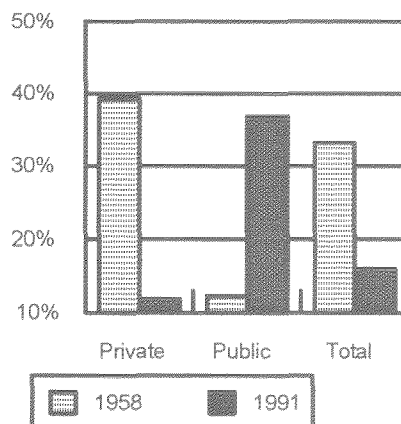
As a protest against federal drug policy, Federal Judge Jack B. Weinstein of Brooklyn, New York announced in April 1993 he would no longer preside over trials of defendants charged with drug crimes. Reportedly about 50 of the 680 federal judges no longer accept drug cases.

Harper's, July 1993

The Truth About Guns and Kids.

How bad do the gun control myths get? The American Academy of Pediatrics reported that "Firearms are responsible for the deaths of 45,000 infants, children, and adolescents per year." But even if all persons aged 15 to 95 are considered "adolescents," this can't be true. The 45,000 figure exceeds the total deaths in all ages from all causes related to firearms. *Facts:* In 1990, 236

Union Membership as a Percentage of the Workforce



Source: Bureau of Labor Statistics

children under the age of 14 were killed by gun accidents — a 56 percent drop from 1970. Between 1968 and 1988, the annual rate of fatal gun accidents was cut in half — from 1.2 per 100,000 Americans to 0.6. David B. Kopel, "Kids & Guns," *American Rifleman*, August 1993, National Rifle Association.

Info Source on Property Rights Issues. The *Land Rights Letter* covers the nuts and bolts of government attempts to confiscate land and/or severely restrict land use. Contact Ann Corcoran, editor, *Land Rights Letter*, P.O. Box 568, Sharpsburg, MD 21782; phone 301/797-7455.

PRIVATIZATION

Rejecting the Theory of Communism. The ultimate aim of Communists — the abolition of all private property — has been soundly rejected in Eastern Europe, where nine communist countries and federations have become 27 new nations, covering 17 percent of the earth's land mass and nearly 10 percent of the world's population. "The cornerstone of this transformation is nothing less than an ambitious policy of comprehensive privatisation in all spheres of economic activity." Cento Veljanovski, "Privatisation in Eastern Europe," *Economic Affairs*, June 1993. Contact the Institute of Economic Affairs, 2 Lord North Street, London, England, SW1P 3LB.

Balanced Budgets without Tax Increases. State and local governments should consider turning their capital assets into operating dollars by selling, leasing, or otherwise divesting assets — recreation facilities, wastewater treatment plants, bridges, etc. *Among the benefits:* quick money for more pressing needs; improvement of an asset government itself could not afford to maintain; and creation of a new tax base by private ownership of facilities previously tax exempt. Roger D. Feldman and Thomas M. Ingoldsby, "Techniques for Mining the Public Balance Sheet," *How-To Guide #10*, September 1993, Privatization Center of the Reason Foundation.

Privatization in Britain. The British government's plan to privatize British Railways is only a half-hearted step in the right direction, apparently allowing for competing providers but requiring them all to travel on government-owned tracks. Privatization of the Royal Mail, on the other hand, may take a more radical form — not just contracting-out to a private monopoly provider, but permitting true competition in the letter-carrying busi-

Research Report Research Report Research Report Research Report

ness. John Hibbs, "Britain: Privatisation of the Railways," and Ian Senior, "Britain: Privatisation the Post Office," *Economic Affairs*, June 1993. Contact the Institute of Economic Affairs, 2 Lord North Street, London, England, SW1P 3LB.

State Privatization Update. "States across the nation continue to grapple with tight fiscal times. While some

Easing Privatization's Impact on Public-Sector Employees. A number of techniques are available to public officials wishing to embark on a privatization campaign and avoid hurting public employees. (1) *Work within the rate of attrition;* (2) *require contractors to hire displaced workers;* (3) *offer public employees incentives for early retirement;* (4) *encourage public-sector departments to compete head-to-head with private bidders.* John O'Leary and William D. Eggers, "Privatization and Public Employees: Guidelines for Fair Treatment," *How-To Guide #9*, September 1993, Privatization Center of the Reason Foundation.

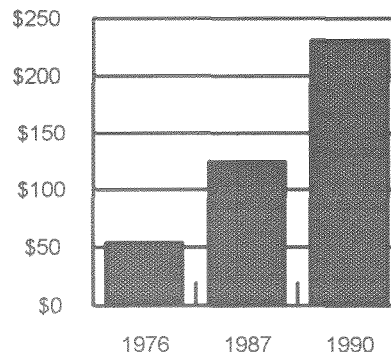
states, such as California, have responded by shifting the burden onto local governments, other states are looking at privatization to streamline state operations." Privatization initiatives in Texas, Michigan, New Jersey, Indiana, Colorado, Georgia, Massachusetts, Kentucky, and Iowa are reviewed. William Eggers and John O'Leary, "State Privatization Update," *Privatization Watch*, September 1993, Reason Foundation.

Privatization Requires Careful Design. State and local governments contract with the private sector to provide over \$100 billion of services each year. Privatization problems — kickbacks, corruption, and collusion — are rare, but they happen just often enough to make effective ammunition for privatization opponents. These problems are not inherent to privatization, however, and can be minimized through well-designed contract bidding and monitoring systems. John Rehfuss, "Designing an Effective Bid-

ding and Monitoring System to Minimize Problems in Competitive Contracting," *Privatization Guide #3*, 1993, Reason Foundation and Mackinac Center for Public Policy.

Pace of Worldwide Privatization Quickens. The government of Germany has announced that it will sell off half of its stake in Deutsche Telekom, the third largest telephone company in the world. Zambia has completed the first two sales under a privatization program that will divest

The Cost of Drug Development
in millions of dollars



Source: Center for the Study of American Business, 1993

19 state-owned firms by the end of 1993, and 150 firms — 80 percent of the country's economy — over the next five years. France expects to raise \$78 billion over the next five years by privatizing several of its nationalized companies, including the country's third-largest bank, an oil conglomerate, and Rhone-Poulenc, the world's eighth-largest pharmaceutical company. "Privatization Notes," *The Government Union Critique*, July 30, 1993, Public Service Research Foundation.

Cities and Privatization. In Indianapolis, Mayor Stephen Goldsmith has shifted more than 40 government services into the private sector, saving between \$10 million and \$20 million. Philadelphia finds that privatization has saved 40 to 50 percent; in-house units seeking to stave off privatization are cutting their own

costs by 20 to 30 percent. And Milwaukee now allows its departments to buy services from the private sector, rather than from other government agencies, if they can save money by doing so. William D. Eggers, "Three Major Cities Move Ahead with Competitive Contracting Programs," *Privatization Watch*, August 1993, Reason Foundation.

Public- vs. Private-Sector Cost Comparisons. While not the only factor to be weighed by public officials contemplating the privatization of a service, cost is certainly among the most important. Accurate cost comparisons are critical. Estimates for in-house provision must include the costs of functions performed by other departments (personnel and data processing, for example). Estimates for private provision must include the costs of contract administration and performance monitoring. Lawrence Martin, "How to Compare Costs Between In-House and Contracted Services," *Privatization Guide #4*, 1993, Reason Foundation and Mackinac Center for Public Policy.

REGULATION

Airline Deregulation Demystified. *Fact:* According to the Air Transport Association and U.S. Department of Transportation, the average price charged per passenger mile fell 35 percent between 1977 and 1992. Adjusting for inflation, fares have fallen in ten of the past 11 years. *Fact:* According to the Brookings Institution, since deregulation the U.S. airline industry has become the most efficient and competitive in the world. *Fact:* More passengers have a choice among airlines now than they did before deregulation. "Only 3 percent of passengers fly on routes served by only one airline, down from 9 percent in 1978." Paul Sheehan, "What Went Right," *The Atlantic Monthly*, August 1993.

Government-Run Deposit Insurance Cannot Work. "The American system of Federal deposit insurance has undermined safe and sound banking by punishing the prudent and rewarding the reckless — be they bankers or depositors. The system is fundamentally unjust. [It] is a fatally flawed,

Research Report

socialistic system that never did work and cannot be made to work. If we are to prevent further injustice, innocent victims, and the politicization of the banking system, we must abolish deposit insurance." Richard B. Salsman, "The Collapse of Deposit Insurance — and the Case for Abolition," *Economic Education Bulletin*, 1993, American Institute for Economic Research.

The Growing Regulatory Burden.

The number of federal regulatory employees reached a record high 124,994 in 1992. The overhead cost of government regulation was \$13 billion that year — 30 percent higher than just seven years earlier. The "invisible tax" imposed by regulation — estimates range from \$8,300 to \$17,000 per household per year — may be higher than the visible, direct taxes households pay to the federal government — estimated at \$10,000 per year. Richard Miniter, "The Shifting Ground of Property Rights," *Insight*, August 12, 1993. Contact The Washington Times Corporation, 3600 New York Avenue NE, Washington, DC 20002; phone 202/636-8800.

TRADE

NAFTA News. The Fraser Institute, in collaboration with over a dozen think-tanks worldwide, produces *The NAFTA Network*, a series of two-page commentaries addressing the North

The U.S. tariff code lists duties on 8,862 items. In the late 1980s, U.S. consumers spent an extra \$80 billion a year — more than \$1,000 per family — because of tariffs and quotas on domestic and imported goods.

Reader's Digest

American Free Trade Agreement from every conceivable angle. *Recent releases:* "Trade Liberalization and the Environment," "NAFTA: The Textile and Apparel Sector," and "Toward a More Open Agriculture in North America." Contact The Fraser Institute.

TRANSPORTATION

Private Toll Road a California Reality. California Governor Pete Wil-

Environment

Environmentalism: A New Religion?

By David G. Danielson

MADISON, WISCONSIN — As humanity enters the 21st century, you might think we would have outgrown our fascination with doomsday prophecies. Yet the end-of-the-world con game — nearly as old as the world itself — goes on.

Today, the doomsday prophets are environmental scaremongers who rake in millions of dollars frightening the gullible with contemporary fables of ozone depletion, acid rain, and oceans ruined forever by tanker accidents. It's the same old game the evangelists have played for centuries, dressed up in a jargon more effective for audiences born in a scientific age.

As Paul Boyer describes in *When Time Is No More*, generation after generation of Christian fundamentalists has thought that it was living in the end-times, and each generation has been willing to pay to hear and read about humanity's imminent demise.

But Boyer's book misses the most interesting development in the time-honored doomsday-fortelling trade: its recent evolution into environmental hysteria.

In the religion of environmentalism, it is the power of the state — not the supernatural power of God or church — that is designed to bring about salvation. Instead of Adam and Eve, the Burning Bush, and the Splitting of the Red Sea, environmentalism has alar, acid rain, asbestos, dioxin, global warming, and ozone depletion.

The scientific literature exists to debunk these modern fables. Dr. Edward Krug, a soil and water scientist and a participant in the 10-year National Acid Precipitation Assessment Program, reported: "NAPAP researched the lakes of the Adirondacks — the

area of the Northeast predicted most likely to have massive lake acidification. We found, however,

Environmental scaremongers are the doomsday prophets of our scientific age.

that the average Adirondack lake is no more acidic now than it was prior to the Industrial Revolution."

Even oil spills aren't the monumental catastrophe environmentalists make them out to be. The late Dr. Petr Beckmann, former research scientist for the Czechoslovak Academy of Sciences, explains: "The facts of the matter are that you lose a few birds in the short run, but you gain a lot of them, and fish, in the long run. Oil-ingesting microorganisms at the bottom of the food chain are themselves ingested by the predators along the chain all the way up to the fish, which are themselves eaten by sea birds and humans at the top of the chain. And all of these predators, including man, prosper after an oil spill."

But the environmentalists, like prophets of doom since the beginning of time, don't care about facts. In the words of Ecclesiastes (1:9): "there is nothing new under the sun."

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David G. Danielson is a freelance writer.

Research Report Research Report Research Report Research Report

son gave the keynote address at the July 27 groundbreaking for California's SR 91 Express Lanes project — the nation's first private toll road in at least 50 years. The project also will be the first in the U.S. to use congestion pricing, and the *world's* first toll road with no toll booths. Nonstop, electronic toll collection will be achieved through transponders provided to users of the 10-mile road. "First Private

According to a 1984 Federal Trade Commission study, import quotas on Japanese automobiles preserved 4,598 American auto jobs — but cost consumers \$241,235 per job per year in higher prices paid for cars.

Reader's Digest

Toll Road Breaks Ground in California," *Privatization Watch*, September 1993, Reason Foundation.

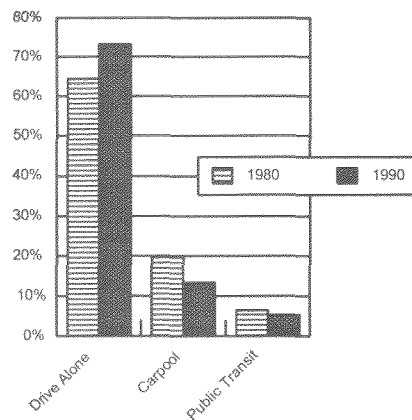
London Could See Road Pricing Soon. A report issued by the UK Department of Transport concludes that a citywide road pricing plan could be implemented in London within the decade. The technology is widely available and highly accurate; the need to reduce congestion and auto emissions in urban areas is growing. A "likely test ground" for a road pricing system is Cambridge, a university town with a growing congestion problem. Alan Jabez, "Paying the Price," *World Highways*, August 1993. Contact the International Road Federation, 278-280 Huntingdon Street, Nottingham, United Kingdom, NG1 3LY.

Tunneling Under Gridlock. Congestion-relief toll tunnels, under development in the downtown areas of several European cities, can reduce noise and emissions at street level and permit through-traffic to bypass congested areas. Tunnels are common or under construction in Oslo (Norway), Amsterdam (Netherlands), Madrid (Spain), Melbourne (Australia), and Marseilles, Lyons, and Paris (France). Can Los Angeles and San Francisco be far behind? Robert W. Poole, Jr. and Yuzo Sugimoto, "Congestion Relief Toll Tunnels," *Policy Study No. 164*, July 1993, Reason Foundation.

Road Pricing Better than Congestion. Congestion is nothing more than waiting in line to use the highways — a way of allocating highway resources. Road pricing, with premium rates for the rush hour and discounts for after-midnight drivers, is a better way. One economist estimates that a comprehensive system of road pricing in Britain would dramatically reduce congestion and cut the country's budget deficit by £16.5 billion (\$25.08 billion). Giles Keating, "For Whom the Road Tolls," *Economic Affairs*, June 1993. Contact the Institute of Economic Affairs, 2 Lord North Street, London, England, SW1P 3LB.

Re-thinking Public Mass Transit. Transportation planners in Southern California have spent \$915 million since 1991 to lure between 3,000 and 4,000 people out of their cars: an average of \$103 per trip. *The problem:* They're focusing on work trips, while

Getting to Work in the U.S.
1980 and 1990



Source: U.S. Census Bureau

non-work trips constitute 43 percent of the morning rush hour in greater Los Angeles and 56 percent of the afternoon rush hour. And it's difficult to entice work commuters out of their autos: the fraction of L.A. commuters choosing to drive to work alone actually increased between 1980 and 1990, from 70.5 percent to 72.3 percent of all work trips. Peter Gordon and Harry W. Richardson, "The Facts About 'Gridlock' in Southern California," *Policy Study No. 165*, August 1993, Reason Foundation.

Transit Privatization Case Study. Since 1988, bus service in Los Ange-

International Port Privatization Offers Lessons for U.S. Argentina, Hong Kong, Mexico, Singapore, and Venezuela are among the 36 countries around the world whose governments are privatizing some or all of their major shipping ports. By contrast, all major U.S. ports are owned by the government; most are operated by government agencies; and many are losing money. David Haarmeyer and Peter Yorke, "Port Privatization: An International Perspective," *Policy Study No. 156*, April 1993, Reason Foundation.

les' Foothill Transit Zone has been provided by competitively contracted private providers rather than public employees. The zone's long-term transit costs are between 24 and 43 percent lower; ridership has increased 14 percent; correspondence received from customers after the privatization ran seven to one in favor of the private provider. John O'Leary, "Comparing Public and Private Bus Transit Services: A Study of the Los Angeles Foothill Transit Zone," *Policy Study No. 163*, July 1993, Reason Foundation.

WELFARE

Model Legislation Offered. Oregon's Full Employment Program, passed in 1990 by 58 percent of the state's voters, is a three-year, six-county pilot test of guaranteed paid employment as a replacement for welfare and unemployment insurance benefits. If the plan works as expected, welfare caseloads in the test counties will fall by 50 percent, and welfare expenditures will fall by 25 percent — a \$90 million savings. "The Full Employment Plan Model Legislation," American Legislative Exchange Council, 1993.

"Learnfare" Programs Summarized. Learnfare programs generally require regular school attendance, until a high school diploma is achieved, by all members of a family receiving welfare benefits from the state. Wis-

Research Report Research Report Research Report Research Report

consin launched the first statewide Learnfare program in 1988; since then, Ohio, Michigan, and Pennsylvania also have established programs. Philip S. English, "Learnfare: Reinforcing the Link Between Education and Welfare Reform," September 1993, The Commonwealth Foundation.

Tough Problems Need Long-Term Solutions.

"The problems of violence, poverty and need in America cannot be resolved simply through public policy pronouncements or government programs. Whether one subscribes to a conservative, liberal, middle-of-the-road or eclectic analysis of the problems, one must admit that the answers lie in changing the attitudes Americans have about who they are and what their rights and responsibilities are. Whether this is a task that governments could, or should, undertake is a seriously tough question. . . Attitudes cannot be legislated any more than morality." Dag Ryen, "Victimization," *Spectrum*, Summer 1993. Contact The Council of State Governments, 3560 Iron Works Pike, P.O. Box 11910, Lexington, KY 40578-1910.

Two Weaknesses of Poverty Data.

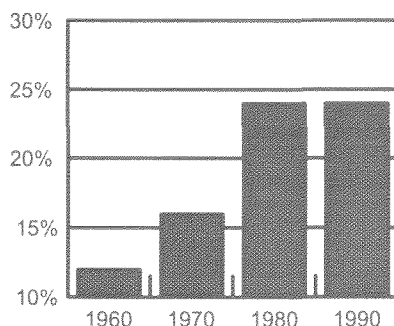
Policy makers appropriate billions of dollars on the basis of poverty statis-

Only Work Works. "Only the performance of worthwhile work strengthens the self-esteem of the welfare recipient. Only the performance of worthwhile work instills the discipline and self-control and sense of purpose poor people need in order to start their climb up the economic ladder. Only the performance of worthwhile work reinforces the self-image of the worker as a person who can and will work, and strive to get ahead." John McClaughry, *A Better Path: From Welfare to Work*, 1993, Ethan Allen Institute.

tics that are fundamentally flawed. *Flaw #1:* Poverty data are notoriously out-dated — ten years or older — by the time policy makers get them. The Census Bureau is working on this one. *Flaw #2:* The statistics are not a valid measure of "need," because they do not

take into account cost-of-living differences in different regions across the country. A person living in California (a high cost-of-living state) whose income is just above the national poverty line can be much worse off than someone living in New Mexico whose income is just below the poverty line. Rep. Dean Gallo, "Who's Really Poor?" *Northeast Midwest Economic Review*, July 1993. Contact the Northeast-Midwest Institute, 218 D Street SE, Washington, DC 20003.

Federal Tax Burden on Families with Children
as a percent of income



Source: The Heritage Foundation

OTHER TOPICS

Getting to Know Small Business.

The National Federation of Independent Business has produced a slick, colorful, and instructive book of charts and graphs illustrating the importance of American small business. This is the place for facts and graphics on Small Business and Job Generation; Why People Go into Business; Reasons for Business Failures; Print Media Coverage of Small Business; and other topics. 49 pages, \$15.00. William J. Dennis, Jr., *A Small Business Primer*, August 1993. Contact The NFIB Foundation, 600 Maryland Avenue SW #700, Washington, DC 20024.

Doing Enterprise Zones Right.

The main goal of enterprise zones should be to stimulate entrepreneurship in areas avoided by businesses and the banks that supply them with credit. *Guiding principles:* (1) Zones should

be small, preferably not greater than 5 square miles. (2) Zones should stimulate the growth of smaller firms while safeguarding against "tax shopping" by larger firms. (3) An enterprise zone program should be guided by economics, not politics. Carl F. Horowitz, "Making State Enterprise Zones Work: Appropriate Roles for Government," *Urban Policy Perspective No. 2*, July 30, 1993, Urban Policy Research Institute.

Media Plays "Fun with Numbers."

In its never-ending quest for increased government spending on social programs, the media reports statistics that have little basis in reality. *For example:* Reporters routinely claim there are 3 million **homeless** in the United States. But the Census Bureau's 1990 partial count of the homeless estimated just 220,000. The media howl about reported cuts in **Medicare and Medicaid**, when in fact Medicare spending grew 72 percent between 1989 and 1993; Medicaid spending grew 132 percent. "The Media's 'Fabricated Five,'" *Special Report*, 1993. Contact the Media Research Center, 113 South West Street, 2nd Floor, Alexandria, VA 22314; phone 703/683-9733, fax 703/683-9736.

What Infrastructure Crisis? The federal government provides little of the nation's infrastructure. "Decisions about public capital investment are made largely at the state and local level by voters who receive the benefits and pay the cost of such decisions, or by their representatives who share in the costs and benefits and are more closely accountable for their decisions than are federal decisionmakers." The so-called "infrastructure crisis" appears to exist only in the minds of federal government officials who want to rebuild government, rather than rebuild America. John A. Tatom, "Paved with Good Intentions: The Mythical National Infrastructure Crisis," *Policy Analysis No. 196*, August 12, 1993, Cato Institute.

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Most of the research summarized in the *Research Report* (pages 21-29) can be ordered from the organizations listed below. This list features organizations that conduct and disseminate market-oriented research and commentary on state and local public policy issues.

Alabama Family Alliance, P.O. Box 59692, Birmingham, AL 35259, 205/870-9900

American Institute for Economic Research, Great Barrington, MA 01230

American Studies Institute, Harding University, Station A, Box 899, Searcy, AR 72143, 800/477-4407, (fax) 501/279-4600

American Legislative Exchange Council, 214 Massachusetts Avenue NE #400, Washington, DC 20002, 202/547-4646, (fax) 202/547-8142

Andrew Jackson Institute, 2704 Twelfth Avenue South, Nashville, TN 37204, 615/383-8284

Arizona Institute, 2700 South Woodlands Boulevard, Suites 300-329, Flagstaff, AZ 86001, 602/526-2597

Atlantic Legal Foundation, 205 East 42nd Street - 9th Floor, New York, NY 10017, 212/573-1960

The Atlas Economic Research Foundation, 4084 University Drive #103, Fairfax, VA 22030-6812, 703/934-6969, (fax) 703/352-7530

The Barry Goldwater Institute for Public Policy Research, 201 North Central, Phoenix, AZ 85004, 602/256-7018

California Public Policy Foundation, 14263 Moorpark #4, Sherman Oaks, CA 91423, 818/841-5210

Capital Research Center, 727 15th Street NW - 8th Floor, Washington, DC 20005-1599, 202/737-5677, (fax) 202/737-5692

Capitol Resource Institute, 1211 H Street #A, Sacramento, CA 95814-1912, 916/731-5200

Cascade Policy Institute, 813 SW Alder Street #707, Portland, OR 97205, 503/242-0900, (fax) 503/242-3822

Cato Institute, 224 Second Street SE, Washington, DC 20003, 202/546-0728, (fax) 202/546-0728

Center for Independent Thought, 942 Howard Street, San Francisco, CA 94103, 415/541-9780

The Center for Individual Rights, 2300 North Street NW - 6th Floor, Washington, DC 20037, 202/663-9041 or -9042

Center for the New West, 600 World Trade Center, 1625 Broadway, Denver, CO 80202, 303/572-5400

Center for the Study of American Business, Washington University - Box 1208, St. Louis, MO 63130-4899, 314/935-5630

Center for the Study of Market Alternatives, 2285 University Drive, Boise, ID 83706, 208/368-7811

Center of the American Experiment, 45 South 7th Street, Minneapolis, MN 55402, 612/338-3605, (fax) 612/338-3621

Citizens Against Government Waste, 1301 Connecticut NW #400, Washington, DC 20036, 202/467-5300

Citizens for a Sound Economy, 1250 H Street NW #700, Washington, DC 20005-3908, 202/783-3870, (fax) 202/783-4687

Citizens for Educational Choice, P.O. Box 405, Needham Heights, MA 02194, 617/444-7545

Citizens for the Environment, 1250 H Street NW #700, Washington, DC 20005-3908, 202/783-3870

The Claremont Institute, 250 West First Street #330, Claremont, CA 91711, 909/621-6825, (fax) 909/626-8724

The Commonwealth Foundation for Public Policy Alternatives, 600 North Second Street #300, Harrisburg, PA 17101, 717/231-4850

Competitive Enterprise Institute, 1001 Connecticut Avenue NW #1250, Washington, DC 20036, 202/331-1010, (fax) 202/331-0640

Congressional Institute, Inc., 316 Pennsylvania Avenue SE #403, Washington, DC 20003-1147, 202/547-4600

Connecticut Policy and Economic Council, Inc., 21 Lewis Street, Hartford, CT 06103, 203/527-8177, (fax) 203/246-9790

Consumer Alert, 2700 South Quincy Street #210, Arlington, VA 22206, 703/845-8802, (fax) 703/845-8920

Consumer Alert, P.O. Box 3348, Modesto, CA 95353, 209/524-1738

Consumers Research, Inc., 800 Maryland Avenue NE, Washington, DC 20002, 202/546-1713

Council for Affordable Health Insurance, 112 South West Street, 4th Floor, Alexandria, VA 22314, 703/836-6200, (fax) 703/836-6550

The Educational Excellence Network, 1112 Sixteenth NW #500, Washington, DC 20036, 202/785-2985

Educational Freedom Foundation, 110 East Rose, St. Louis, MO 63119

The Empire Foundation for Policy Research, 130 Washington Avenue #1000, Albany, NY 12210, 518/432-4444

Ethan Allen Institute, P.O. Box 12, Montpelier, VT 05601, 802/695-2555

Evergreen Freedom Foundation, P.O. Box 552, Olympia, WA 98507, 206/956-3482

Family Research Council, 700 Thirteenth Street NW #500, Washington, DC 20005, 202/393-2100

The Foundation for Economic Education, Irvington-on-Hudson, NY 10533, 914/591-7230

Foundation for Research on Economics and the Environment, 502 South 19th #1, Bozeman, MT 59715, 406/585-1776

The Fraser Institute, 626 Bute Street, Second Floor, Vancouver, B.C., V6E 3M1, 604/688-0221, (fax) 604/688-8539

The Free Congress Research and Education Foundation, 717 Second Street NE, Washington, DC 20002, 202/546-3000

Free Market Foundation, P.O. Box 741777, Dallas, TX 75374-1777, 214/348-2801

Georgia Public Policy Foundation, 2900 Chabree-Tucker Road - Building 6, Atlanta, GA 30341, 404/455-7600

Golden State Center for Policy Studies, 2012 H Street #101, Sacramento, CA 95814, 916/446-7924, (fax) 916/446-7990

The Heartland Institute, 800 East Northwest Highway #1080, Palatine, IL 60067, 312/427-3060, (fax) 312/427-4642

The Heartland Institute in Michigan, 615 Griswold #1509, Detroit, MI 48226, 313/961-1950, (fax) 313/961-1420

The Heartland Institute in Wisconsin, P.O. Box 53, Watertown, WI 53094-0053, 414/261-1430

The Heritage Foundation, 214 Massachusetts Avenue NE, Washington, DC 20002, 202/546-4400, (fax) 202/544-2260

Hillsdale College, Hillsdale, MI 49242, 517/437-7341, (fax) 517/437-0160

Independence Institute, 14142 Denver West Parkway #101, Golden, CO 80401, 303/279-6536

Independent Institute, 134 Ninety-Eighth Avenue, Oakland, CA 94603, 510/632-1366

Indiana Policy Review Foundation, 320 North Meridian #615, Indianapolis, IN 46204, 317/236-7360, (fax) 317/236-7370

Institute for American Values, 1841 Broadway #211, New York, NY 10023, 212/246-3942

Institute for Contemporary Studies, 234 Kearny Street, San Francisco, CA 94108, 415/981-5353

Institute for Humane Studies, George Mason University, 4400 University Drive, Fairfax, VA 22030, 703/934-6920

Institute for Justice, 1001 Pennsylvania Avenue NW #200 - South, Washington, DC 20004-2505, 202/457-4240

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Institute for Policy Innovation, 250 Stemmons #306, Lewisville, TX 75067, 214/219-0811

The Institute on Religion and Public Life, 156 Fifth Avenue #400, New York, NY 10010, 212/627-1985

The James Madison Institute for Public Policy Studies, P.O. Box 13894, Tallahassee, FL 32317-3894, 904/386-3131, (fax) 904/386-1807

The John Locke Foundation, 6512 Six Forks Road #203B, Raleigh, NC 27615-6525

Laissez Faire Institute, 828 North Poplar Court, Chandler, AZ 85226, 602/940-9824

Landmark Legal Foundation, 1006 Grand Avenue - 15th Floor, Kansas City, MO 64106, 816/474-6600

Law and Economics Center, University of Miami, P.O. Box 248000, Coral Gables, FL 33124, 305/284-6174

Lincoln Legal Foundation, 100 West Monroe #1600, Chicago, IL 60603, 312/606-0951

Mackinac Center for Public Policy, 119 Ashman Street, P.O. Box 568, Midland, MI 48640, 517/631-0900, (fax) 517/631-0964

Manhattan Institute, 52 Vanderbilt Avenue, New York, NY 10017, 212/599-7000

The Mid-America Legal Foundation, 20 North Wacker Drive #2263, Chicago, IL 60606, 312/263-5163

Mountain States Legal Foundation, 1660 Lincoln Street #2300, Denver, CO 80264, 303/861-0244

National Center for Policy Analysis, 12655 North Central Expressway #720, Dallas, TX 75243, 214/386-6272

National Center for Public Policy Research, 300 I Street NE - #3, Washington, DC 20002, 202/543-1286

National Chamber Foundation, 1615 H Street NW, Washington, DC 20062, 202/463-5552

National Inholders Association, P.O. Box 400, 30218 NE 82nd Avenue, Battle Ground, WA 98604, 206/687-3087

National Rifle Association of America, 1600 Rhode Island Avenue NW, Washington, DC 20036, 202/828-6377

National Taxpayers Union, 325 Pennsylvania Avenue SE, Washington, DC 20003, 202/543-1300

Nevada Policy Research Institute, P.O. Box 20312, Reno, NV 89515-0312, 702/786-9600

The New England Center for Political Studies and Research, 47 Tumbleweed Road, Springfield, MA 01109-1535, 413/788-8789

New England Legal Foundation, 55 Union Street, Boston, MA 02108, 617/367-0174

New Jersey Citizens for a Sound Economy, P.O. Box 339, Lambertville, NJ 08530, 609/397-5900

New Mexico Foundation for Economic Research, P.O. Box 1216, Albuquerque, NM 87103, 505/243-5400, (fax) 505/243-1700

New York Citizens for a Sound Economy, P.O. Box 1954, Albany, NY 12201-1954

Pacific Legal Foundation, 2700 Gateway Oaks Drive #200, Sacramento, CA 95833, 916/641-8888

Pacific Research Institute, 755 Sansome Street #450, San Francisco, CA 94111, 415/989-0833, (fax) 415/989-2411

Pattern Research, P.O. Box 9845, Denver, CO 80209, 303/778-0880

Pennsylvania Family Institute, P.O. Box 220, Harrisburg, PA 17108, 717/236-2212

The Philanthropic Roundtable, 320 North Meridian Street, Indianapolis, IN 46204-1725, 317/639-6546

Pioneer Institute, 21 Custom House Street #801, Boston, MA 02110, 617/261-9755, (fax) 617/261-1863

Political Economy Research Center, 502 South 19th Street #211, Bozeman, MT 59715, 406/587-9591

The Pragmatist, P.O. Box 392, Forest Grove, PA 18922

Privatization Research Organization, Baruch College/City University of NY, 17 Lexington Avenue, New York, NY 10010

Public Affairs Research Institute of New Jersey, 212 Carnegie Center #100, Princeton, NJ 08540-6212, 609/452-0220

Public Interest Institute, Iowa Wesleyan College, Mt. Pleasant, IA 52641, 319/385-3462

Public Service Research Foundation, 1761 Business Center Drive #230, Reston, VA 22090, 703/438-3966

Reason Foundation, 3415 S. Sepulveda Boulevard #400, Los Angeles, CA 90034, 310/391-2245, (fax) 310/391-4395

Resource Institute of Oklahoma, 28 Northwest Seventh Street, Oklahoma City, OK 73102, 405/239-6700

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Rose Institute for State and Local Government, Claremont McKenna College, Pitzer Hall, Claremont, CA 91711, 714/621-8201

Sequoia Institute, 3479 Beaver Ford Court, Woodbridge, VA 22192, 703/590-0496

South Carolina Policy Council, 1419 Pendleton Street, Columbia, SC 29201, 803/779-5022

Southwest Policy Institute, 2403 NW 39th Street #200, Oklahoma City, OK 73112-8769, 405/521-9439

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Texans for an Informed Public, 1716 Magnum Street #308, Houston, TX 77092, 713/686-0400

Texas Public Policy Foundation, 8122 Datapoint Drive #910, San Antonio, TX 78229, 210/614-0080

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Utah State University, Institute of Political Economy, Political Science Department, Logan, UT 84322-0725, 801/750-2064

Utah Taxpayers Association, 1578 West 1700 Street #105, Salt Lake City, UT 84104

Washington Institute for Policy Studies, 999 Third Avenue #1060, Seattle, WA 98104, 206/467-9561, (fax) 206/467-0910

Washington Research Council, 906 South Columbia #350, Olympia, WA 98501, 206/357-6643, (fax) 206/754-2193

Washington Legal Foundation, 1705 N Street NW, Washington, DC 20036, 202/857-0240

Wisconsin Policy Research Institute, 3107 North Shephard Avenue, Milwaukee, WI 53211, 414/963-0600

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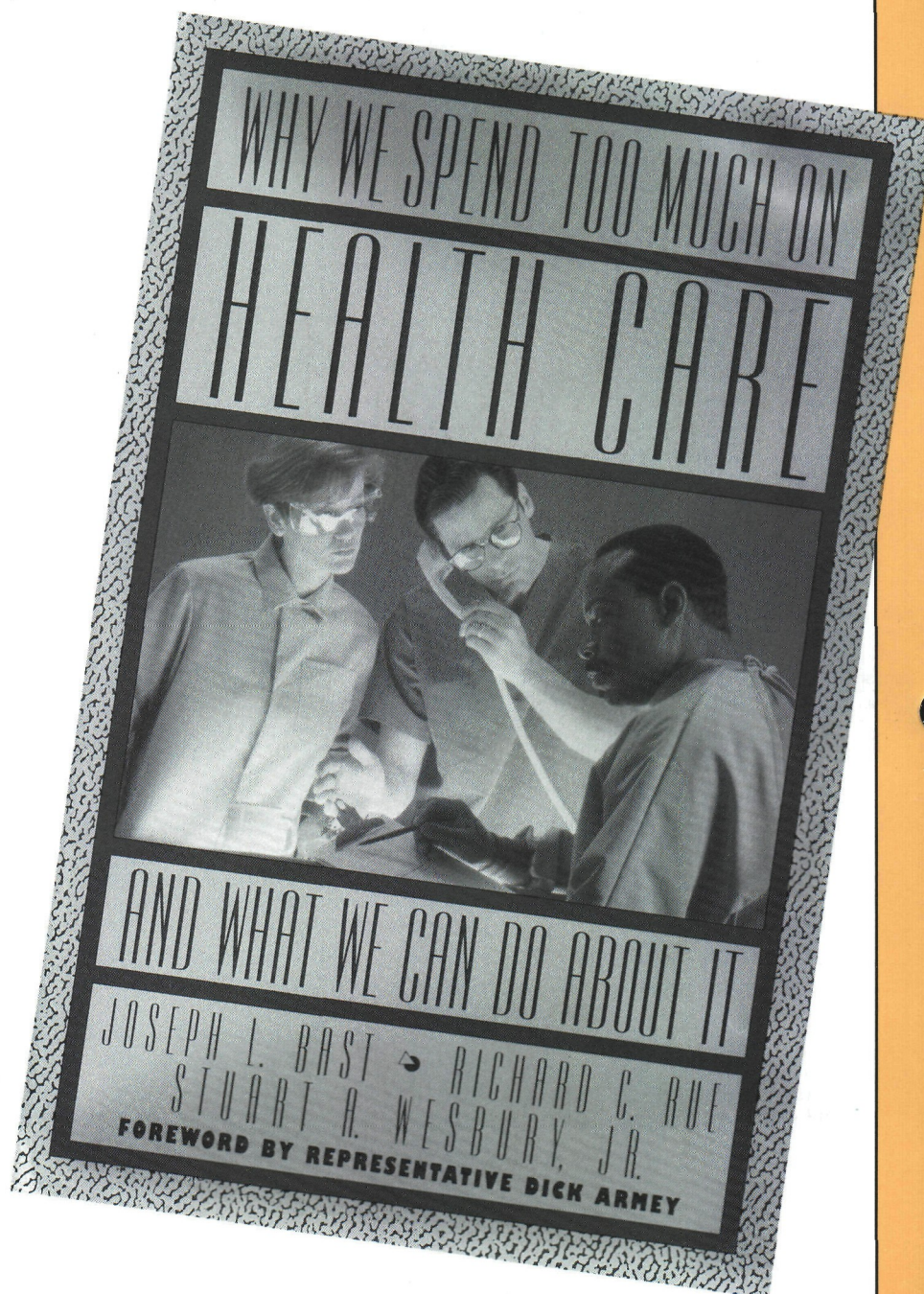
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